

LIBERTY COUNTY
COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY PROGRAM HURRICANES IKE AND DOLLY ROUND 2
HOUSING GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO) is administering a Community Development Block Grant (CDBG) Disaster Recovery Program (“Program”) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the agency responsible for the administration of disaster funds allocated to housing activities, and has contracted with the County of Liberty to administer these funds to carry out eligible housing activities at the local level, within Liberty County.

B. The State of Texas developed Housing Guidelines to serve as the basis for Hurricanes Ike and Dolly Round 2 housing programs. The Housing Guidelines consist of General Guidelines, which were developed to provide direction for issues that affect all of the housing programs. The General Guidelines are further divided into Part A, General Program Guidelines and Part B, Homeowner Opportunity Program (HOP). Activity-specific guidelines for ~~Homeowner~~ Assistance, ~~Homebuyer~~ Assistance and Rental Activities are included in the Housing Guidelines as Attachment A, Attachment B, and Attachment C, respectively. Applicants who qualify to fully participate in the HOP and elect to participate or decline to participate in a buyout of their original, storm-damaged property will be subject to either the Homebuyer Assistance Guidelines or the Homeowner Assistance Guidelines, depending upon their choice. These Round 2 Housing Guidelines do not replace or supersede the Guidelines developed by Liberty County under Round 1 funding, unless expressly amended to be included in those Guidelines.

PART A – GENERAL PROGRAM GUIDELINES I.

PROGRAM OBJECTIVES

A. The County of Liberty is still in the recovery process for both its communities and residents due to the impacts suffered by Hurricanes Ike and Dolly. The primary focus of this Program is to provide relief for those people impacted by Hurricanes Ike or Dolly while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance will be provided under a variety of housing activities including acquisition, rehabilitation, reconstruction, new construction, demolition, elevation, hazard mitigation, and storm hardening of homeowner and rental housing units.

a. The primary objective of the Program is to provide decent, safe, and sanitary housing in the hurricane-impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricanes Ike.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

II. DEFINITIONS

Rehabilitation – Repair or restoration of housing units in the hurricane-impacted areas to applicable construction codes and standards.

Reconstruction – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. Activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new or standard MHU or stick-built/modular housing unit. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

New Construction – A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

Demolition – Clearance and proper disposal of dilapidated buildings and improvements.

Homeowner Opportunity Program – A Disaster Recovery Housing Program through which income-qualified applicants who live in FEMA-designated “High Risk” areas or areas of high minority and/or poverty concentration (as approved by GLO) may elect to rehabilitate or reconstruct their existing home or relocate to a safer and higher opportunity area. This program will involve relocation counseling and the provision of licensed real estate professionals to explain the options and choices available. (See Part B).

Homeowner Assistance Activity – The utilization of CDBG DR funding to rehabilitate or reconstruct hurricane-damaged homes in order for the applicant to remain in the original home at the original home site. The home to be assisted must have been owner-occupied at the time of the storm. This activity may be utilized by a HOP-eligible applicant who defers relocation and elects to repair and remain in the original home at the original home site.

Homebuyer Assistance Activity – The utilization of CDBG Disaster Recovery funding for up to 100% of the required down payment, reasonable closing costs, principal write-down assistance, subsidization of interest rates, and private mortgage insurance to facilitate the purchase of a new or existing home. The activity may be utilized in the relocation of a HOP participant or as assistance provided to a hurricane-impacted non-homeowner. Limitations on HOP funding are

detailed in Part B; the cap on homebuyer assistance for hurricane impacted non-homeowners is limited to \$40,000.

Acquisition – The utilization of CDBG funds to acquire real property. Acquisition-only is typically not considered a complete activity in the Program and must be combined with another eligible use (i.e. new construction).

Rental Activity – Acquisition, rehabilitation, or construction of affordable rental housing resulting in structures where at least 51% of units are occupied by LMI persons. Income and rent restrictions apply to the rental units to be built or assisted with CDBG funds.

Single Family Rental – Seven or less rental units under common ownership. Units may be on contiguous or scattered lots. Davis Bacon wage requirements apply to construction on CDBG-funded rental housing with eight or more rental units in the same property (not necessarily the same building) which are commonly-owned and operated as one rental, cooperative or condominium project. Scattered site rentals (rental properties not on an undivided lot or on contiguous lots or parcels) may exceed seven units without wage requirements.

Multifamily Rental – Eight or more rental units in the property. Davis Bacon wage requirements apply to construction on CDBG-funded rental housing with eight or more rental units in a property.

Program Design – The selection and development of programs and activities based on a Needs Assessment. The Program Design must include the type of housing activities that will be offered by the subrecipient, as well as how the Program will be marketed, how Fair Housing Objectives will be achieved, and how funding will be prioritized as determined through the Needs Assessment.

Low to Moderate Income (LMI) National Objective – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The County will use the most current income limits, published annually by HUD, shall be used by the County to verify the income eligibility of each household applying for assistance at the time assistance is provided. The LMI economic subcategories of very low, low and moderate for the CDBG Program correspond to the economic subcategories of extremely low, very low and low as identified in the Conciliation Agreement and are defined as follows:

- Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size
- Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size
- Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size

Slum and Blight National Objective – Activities which help to eliminate slums and blighted conditions. Use of this National Objective is limited due to its inability to contribute towards the overall requirement for 55% of Ike and Dolly Round 2 funding to benefit low to moderate-income beneficiaries. This National Objective will not be used under the Hurricane Ike Round 2 funding.

Urgent Need National Objective – An urgent need that exists because existing conditions pose serious & immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and the subrecipient cannot finance the activities on its own because other funding sources are not available. Use of this National Objective is not anticipated to be permitted with Ike and Dolly Round 2 funding.

Duplication of Benefits – The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source. The state will allow for the most permissive current interpretation provided by HUD in determining Duplication of Benefit.

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the property or for the repair of the structure): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA and other sources. Assistance received in the form of services instead of money, for property repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the CDBG assistance is awarded must be applied to reduce the award amount. Funds received from repairs to the property do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repairs deducted.

Individual Mitigation Measures (IMM) – Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. The State anticipates accessing additional funds for disaster activities under the Disaster Recovery Enhancement Fund (DREF) that must be matched by funding provided for IMM. In accordance with HUD's guidance, repair and rehabilitation of housing units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevation above the base flood elevation level, or the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the storm damage.

Subrecipient – Cities, Counties, Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications.

Family – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well being, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two (2) or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low to moderate income objective is based on the LMI of households.

Manufactured Housing Unit (MHU) – A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Modular Housing – A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

FEMA-Designated High Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Area of High Minority Concentration – A census block group that consists of 65% or more of minorities. Minorities include all racial and ethnic population groups other than “White, non-Hispanic (Anglo).

Area of High Poverty Concentration – A census block group that consists of 35% or more of the residents living in poverty. A household that meets the US Census Bureau’s poverty threshold is considered to be at or below poverty level for the Disaster Recovery Program.

III. EVALUATION OF DATA

- A. In order to develop the Program Design for all activities offered through Ike and Dolly Round 2 funding, the County shall use qualified data (HUD/FEMA) data used to allocate the disaster funding, current FEMA data, data used to support the litigation involving FEMA undercounts in the Lower Rio Grande Valley, or other data as approved
- B. Qualified data will be used to document the impact of the relevant storm on the economic LMI subcategories and to assist the County in developing the plan for targeting the use of those funds, in the appropriate levels, to the appropriate economic categories.
- C. The method of data evaluation utilized by the County (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar

amounts impacting communities, etc.) must be made available to the public for fifteen days on a publicly accessible website. Notice of the posting of the method of review must be provided to GLO not later than the day the method is posted on a website.

- D. If any public comment is made, the County shall address the comment in a public response.
- E. Once the method of interpretation of the data has been vetted publicly and adopted by the County, the County shall program the use of the funds. The data evaluated should provide targeted classes that will be used to develop the program and its marketing components.
- F. Persons with accessibility or other special needs adaptations should also be analyzed as part of the process.

IV. USE OF PRIOR APPLICATIONS

- A. Prior applications may be considered if they are within the designated targeted areas. This program is not intended to be a first-come-first-served program and therefore persons who have already applied Under Round 1 do not have a prior claim to be included in the program.
- B. All applicants will need to be reviewed to ascertain whether they qualify under the new program guidelines. As this program is not a continuation of Round 1 programs, applicants must be re-qualified.

V. TARGETING COMMUNITIES

- A. Once the most impacted areas/income brackets have been developed, the County should, at a minimum, set aside an equal amount of the funds to provide an equitable relationship between determined damages to the socio-economic LMI subcategories and the funds received. The County may provide an additional amount of funds to the lowest income levels if desired.
- B. Once targeted areas are identified, the County shall either conduct an analysis of impediments to fair housing or rely on the Phase 1 Analysis of Impediments (AI) determine what impediments to fair housing choice exist in those areas.
- C. Based on the percentages of unmet need remaining for the LMI income subcategory populations as identified by the needs assessment and the specific impediments identified by the Phase 1 AI, recommended actions to overcome the impediments should be developed into a program plan.
- D. As called for in Part A of the State's General Program Guidelines, an affirmative marketing plan to conduct outreach to the impacted communities is required in order to apply for the disaster recovery program. The outreach program, as part of the County Housing Guidelines, will be posted for 15 days for comment [http: www.co.liberty.tx.us/](http://www.co.liberty.tx.us/) and www.publicmgt.com which are publically accessible websites. Notice that the plan has

been made public will be provided to the General Land Office (GLO) the same day this information is added to the website. Public comments made should be addressed prior to utilization of the plan.

VI. PROGRAM REQUIREMENTS

A. All housing activities must meet one of the three National Objectives required under the authorizing statute of the CDBG program:

- Benefit Low to Moderate Income (LMI) persons;
- Aid in the prevention or elimination of slums or blight (Slum and Blight); and
- Meet a need having a particular urgency (Urgent Need). (The use of Urgent Need is not anticipated to be permitted with Ike and Dolly Round 2 funding).
- Applicants applying for disaster recovery assistance are reviewed and processed by the County and must meet certain eligibility criteria to qualify for assistance. Eligibility criteria are further discussed in the activity-specific housing guideline section.
- All housing activities will comply with the Affirmative Marketing Plan further discussed below in an effort to overcome impediments for fair housing.
- All sites must undergo a complete environmental review prior to any commitment of funds. An environmental review consists of a statutory checklist of required review items. Properties with environmental conditions will not be permitted to proceed under housing activities unless the condition is corrected.
- Applicants for assistance must demonstrate that the damage, failure to function or displacement of population was as a result of Hurricane Ike.

The County Disaster Recovery Program will provide housing assistance under the Low to Moderate Income (LMI) National Objective.

B. County of Liberty must conduct a Needs Assessment to determine the types of programs it will offer and the Needs Assessment will become the basis for Program Design. The Needs Assessment will determine the activities to be offered, the demographics to receive concentrated attention and the target areas to be served.

C. County obligations are as follows:

a. Prior to the completion of the Phase 1 Analysis of Impediments (disaster-area AI), County must conduct a local review of impediments sufficient to support the required demonstration that any project submitted for priority funding affirmatively furthers fair housing.

b. Once the Phase 1 disaster area AI is complete, County will conduct whatever level of review and evaluation is necessary to apply the findings of the disaster area AI to their jurisdiction and design programs that affirmatively further fair housing in compliance with that AI and analysis. Local jurisdictions do not need to conduct a local Analysis of Impediments in addition to the disaster area AI.

c. County may incorporate existing Analysis of Impediments documents into any evaluation of how to use CDBG-DR funds to overcome impediments to fair housing, but cannot substitute a local AI for the disaster area AI and should be cautious about using existing documents as many are not in compliance with HUD's current Fair Housing guidance.

d. GLO's proposed subrecipient performance standards will require that within a period of no more than eighteen months from the date of commencement of the Program, which is the start (effective) date of the contract between GLO and the subrecipient. Each subrecipient will have identified sufficient eligible beneficiaries such that the subrecipient will be able to provide reasonable assurance that the subrecipient will be able to expend all applicable funds within GLO-established benchmarks.

e. The Needs Assessment and analysis of HUD/FEMA demographic disaster victim data will dictate the proportions of funding that must be set aside to benefit each LMI economic group. Original FEMA data is not sufficient alone and must be adjusted with other eligible sources of data. Factors for this adjustment should be supplemented by local studies and litigation where available as well as HUD allocation formulas which add a "challenge to recover" factor to FEMA and SBA data. GLO will assist the subrecipient with the analysis and provide applicable raw data.

f. Applicants applying for disaster assistance are processed by the subrecipient and must meet certain eligibility standards to qualify for assistance. Eligibility standards are further discussed in the activity-specific housing guidelines.

g. All sites must undergo a complete environmental review prior to any commitment of funds. An environmental review consists of a statutory checklist of required review items. Properties with environmental conditions will not be permitted to proceed under housing activities unless the condition is corrected. No work can start on a site until the environmental assessment is complete.

h. For assistance activities, it must be demonstrated that the damage or destruction to structures was a direct result of Hurricanes Ike or Dolly. Hurricane damage can be documented as follows:

i. FEMA, SBA or Insurance award letters.

ii. In the event that the above-referenced documentation is not available, an inspection report (complete with photos of the damage and a written assessment of the damage) from a damage assessment conducted by a qualified inspector supplied by the County that certifies that the damage occurred as a result of the hurricane will be acceptable.

iii. In the event that FEMA, SBA or Insurance award letters are not available and an inspection report is inconclusive as to the cause of the damage, the County may provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations on a case-by-case basis to GLO for review and approval.

iv. If an applicant was denied assistance by FEMA, assistance through the CDBG Disaster Recovery Program may still be available. The County shall not refuse housing assistance to an applicant solely on the basis that the applicant was denied assistance by FEMA, SBA, or their insurance.

B. Insurance Requirements

GLO requires an initial hazard, windstorm and flood insurance policy (where applicable) as prerequisites to occupancy of an assisted property. The fees for the initial hazard, windstorm and flood insurance premiums are an allowable expense under the Flood Disaster Protection Act of 1973. Liberty County will utilize CDBG funds to cover the hazard, windstorm, and/or flood insurance premiums for the first year of a disaster recovery home assistance project after which homeowner shall be responsible for maintaining insurance coverage.

G. Note Agreement

- a. A signed *“Unsecured Forgivable Promissory Note”* will notify homeowners and rental owners that it is their responsibility to maintain insurance coverage indefinitely beyond the first year. The failure to maintain hazard, windstorm insurance coverage for not less than the contract amount MAY prohibit future assistance to the homeowner. Failure to maintain flood insurance by applicants in the flood zone WILL prohibit the homeowner from receiving future disaster recovery assistance.
- b. The promissory note also requires the homeowner to certify that the assisted property will remain their principal place of residence and that they will occupy the property for at least the three (3) year term of the note agreement. If the property is sold prior to the expiration of the three year note period, a “Due on Sale” provision of the agreement requires the homeowner to pay the GLO the full balance owed at the time of the sale. Furthermore, a Subrogation provision assigns to the GLO all the borrowers’ future rights to reimbursement and all payments due under any policy of casualty replacement of the physical structure.
- c. GLO may refer the issue to the Inspector General’s office for collection if GLO or Liberty County become aware that a homeowner has violated the due on sale provision of the Note.
- d. The promissory note will require rental owners to reserve at least 51% of their rental units as affordable housing to be occupied by LMI household for a period of ten (10) years after receiving assistance.

VII. SIZE OF UNIT – Housing assistance available under the CDBG Disaster Recovery Program guidelines provide occupancy policies that allow for two persons per bedroom as reasonable. Exceptions to this standard are based on the following factors:

- A. No more than two persons are required to occupy a bedroom.

- B. Persons of different generations (i.e. grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom.
 - a. An adult is a person 18 years old or older.
- C. Couples living as spouses (whether or not legally married) must share the same bedroom for issuance size purposes.
- D. A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full time live-in aide must be documented. A waiver may be approved as outlined in the section on Issuance Size Exceptions.
- E. Individual medical problems (e.g. chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger sized unit and related subsidy must be provided and verified as valid. A waiver may be approved as outlined in the section on Issuance Size Exceptions.
- F. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. If individual circumstances warrant special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions.
- G. When determining family issuance size, include all children expected to reside in the unit in the next year as members of the household. Examples include, but are not limited to, the following:
 - a. Pregnant women: Children expected to be born to pregnant women are included as members of the household.
 - b. Adoption: Children who are in the process of being adopted are included as members of the household.
 - c. Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.
 - d. Joint/Shared Custody Arrangements: In most instances children in joint/shared custody arrangements should occupy the unit at least 50% of the time. However if individual circumstances merit special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions. The custody arrangement may be verified by the divorce decree/legal documents or by self-certification.

e. Custody of Children in Process: Children whose custody is in the process of being obtained by an adult household member may be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (i.e. within three months) must be provided in order for such child to be included.

f. Children Temporarily Absent from Household:

i. Children temporarily absent from the home due to placement in foster care may be included as members of the household. Evidence that there is a reasonable likelihood that the child will return to the household (i.e. within three months) must be provided in order for such child to be included.

ii. Children who are away at school, but live with the family during school recesses are included as members of the household.

H. Preferred Unit Sizes

a. 1 Bedroom – No CDBG DR built home will be only 1 Bedroom.

b. 2 Bedrooms

i. Adult/couple

ii. A d u l t /couple plus 1 child

iii. A d u l t /couple plus 2 children of same sex

c. 3 Bedrooms

i. Adult/couple plus 2 children of opposite sex

ii. Adult/couple plus 3 children

iii. Adult/couple plus 4 children (2 boys and 2 girls)

iv. Adult/couple with medical needs plus 1 child

v. Adult/couple with medical needs plus 2 children of same sex

d. 4 Bedrooms

i. Adult/couple plus 4 or 5 children (3 of same sex)

ii. A d u l t /couple with medical needs plus 2 children of opposite sex

iii. Adult/couple with medical needs plus 3 children

e. Issuance Size Exceptions

i. Waivers of Issuance size may be granted based on the following:

1. Chronic Illness – An individual with an ongoing health problem who requires at least part-time assistance on a regular basis.

2. Pending Child Custody cases – Includes, but is not limited to, children in foster care who may be returning home, foster children, pending adoptions, etc.
 3. Parental Custody Situations – children physically occupy the unit less than 50% of the time as documented by a divorce decree and/or self-certification.
 4. Waivers for other individual circumstances may be granted with pre-approval by GLO.
- ii. The family must request a waiver in writing and explain the need and justification.
 - iii. Waivers must be approved by the County of Liberty.

VIII. HOUSING ASSISTANCE CAPS

	Non-HOP Homebuyer Assistance	HOP Homebuyer Assistance	Homeowner Assistance	
			Reconstruction/ New Construction	Rehabilitation
Base Unit		Bid	Bid	\$65,000
Vacant Land		\$35,000		
Non-Coastal Elevation			\$35,000	\$35,000
Coastal Elevation			\$60,000	\$60,000
Water Well			\$30,000	\$30,000
Septic System			\$25,000	\$25,000
Accessibility		\$20,000	\$20,000	\$20,000
Abatement		\$20,000	\$20,000	\$20,000
Services		Actual or \$15,000	Actual or \$15,000	Actual or \$15,000
Totals:	\$40,000			

NOTE: Housing Assistance Caps are discussed further in the Homeowner and Homebuyer Guidelines.

IX. AFFIRMATIVE MARKETING PLAN – Liberty County is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the disaster funding will include the following:

- A. Liberty County's Affirmative Marketing Plan shall be based on the U.S. Department of Housing and Urban Development (HUD) regulations, will be submitted to GLO for approval. The plan must outline the policies and procedures for housing activities. Procedures are established to affirmatively market units financed through

the Program. The procedures cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.

B. The goal is to ensure that, eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, “special needs,” gender groups, and for each project or program, the populations least likely to apply, are:

- Fully informed of vacant units available for sale and / or rent.
- Encouraged to apply for purchase, rehabilitation, and / or rent.
- Given the opportunity to buy and / or rent the unit of their choice.
- Given the opportunity to rehabilitate their primary residence, which sustained damages due to Hurricanes Ike or Dolly and / or its after-effects.

C. Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities. Particular emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.

D. In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market the CDBG Disaster Recovery Program as follows:

- Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
- Include flyers in utility and tax bills advertising the Program.
- Reach out to public or non-profit organizations and hold/attend community meetings.
- Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.

E. Applications and forms will be offered in English and other languages prevailing in the region. In addition every effort will be made to assist such applicants in the application process.

F. In addition, measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.

G. Applications and forms will be offered in English and other languages prevailing in the region. In addition every effort will be made to assist such applicants in the application process.

H. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request. All advertisement and announcements will be maintained for a five (5) year period beyond the end of the affordability period.

I. The County will use the Fair Housing logo in Program advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law.

J. Multifamily rental programs must develop an Affirmative Marketing Plan for each development receiving CDBG Disaster Recovery funding. The plan, pursuant to federal regulations, will outline strategies to inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in soliciting applications, and a description of records that will be maintained and made available for review. Notice to Public Housing Authorities in the region in order to inform households on DHAP that permanent housing is available should be part of the Plan.

K. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the Needs Assessment. Evaluation should be an ongoing process and begin no later than one month after the program begins accepting applications. GLO should review these reports before the County begins qualifying applicants, and periodically thereafter.

L. The availability of the Program funds shall be advertised at a minimum through the following venues:

a. Local newspapers, including but not limited to the following:

1. Liberty Vindicator
2. Cleveland Advocate
3. Liberty Gazette
4. Dayton News

b. Local broadcast media, including but not limited to the following:

1. KSHN Radio 99.9 FM (All Nine Radio)
2. KTJM Radio 98.5 FM (Aqui Manda La Raza)
3. KQBU Radio 93.3 FM (Que Buena 933)

c. Public or non-profit organizations, community meetings, including but not limited to the following:

1. Housing Authorities
2. Cities and County Social Services
3. Community Development Organizations

d. Other outreach may include use of flyer in utility bills, church bulletins, and door to door outreach.

e. Evaluation of outreach activities and single family applications received will be necessary to determine if single family applications are received from a diverse population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

M. Applications and forms will be offered in English and other languages prevailing in the region. In addition every effort will be made to assist such applicants in the application process.

X. AFFIRMATIVE MARKETING PLAN – MULTIFAMILY RENTAL PROGRAM

A. Any developer or multifamily rental property owner applying for program assistance will be required to develop an Affirmative Marketing Plan, based on the U.S. Department of Housing and Urban Development (HUD) regulations, for each development receiving CDBG Disaster Recovery funding. The plan, pursuant to federal regulations, will outline strategies to inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in soliciting applications, and a description of records that will be maintained and made available for review.

a. Procedures to affirmatively market units financed through the Program.

i. *Dissemination of information* - Notice will be given to Public Housing Authorities in the region in order to inform households on DHAP that permanent housing is available. Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities. Particular emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster. In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market funded multifamily rental projects as follows:

1. Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.

2. Reach out to public or non-profit organizations and hold/attend community meetings.
 3. Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.
- ii. *Technical assistance to applicants* - With respect to the treatment of applicants, developers or multifamily rental owners assisted by the County Disaster Recovery Program shall not discriminate against any individual or family because of race, color, national origin, religion, gender, disability, familial status or presence of children in a household. Applications and forms shall be offered in English and other languages prevailing in the region. In addition every effort will be made to assist such applicants in the application process. Reasonable accommodations will be offered to all disabled persons who request accommodations due to disability at any time during the application process. In addition, measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
- iii. *Project management* - All advertising will include FHA/HUD approved equal housing logo, slogan, and statement. Any developer or multifamily rental owner with vacancies, will post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law at all application intake locations.
- iv. *Reporting requirements* - Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request. Any developer or multifamily rental owner assisted by the County Disaster Recovery Program shall establish and maintain an Affirmative Marketing file to hold advertisements, flyers, and other public information documents to demonstrate that the appropriate logo and language have been used. Additionally, the Program shall keep records of its activities in implementing the affirmative marketing plan, including other community outreach efforts. The County shall keep up-to-date records based on census data, applications, and surveys about community residents, applicants, residents of the project, and records about applicant selection or rejection. All official marketing records and individual activities will be maintained for a 5 (five) year period beyond the end of the affordability period.
- v. *Project review* - Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the County Needs Assessment. Evaluation will be an ongoing process and begin no later than one month after the developer or multifamily rental property owner begins accepting applications. Evaluation will be an ongoing process and begin no later than one month after the program begins accepting applications. The County will be given the opportunity to review these reports before the developer or multifamily rental property owner begins qualifying applicants, and periodically thereafter. Evaluation of outreach activities will be conducted to determine if applications are received from a diverse

population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

b. The goal of the Liberty County Multifamily Affirmative Marketing Plan is to ensure that populations least likely to apply and eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, “special needs,” gender groups are:

- i. Fully informed of vacant multifamily units available for rent.
- ii. Given the opportunity to rent the unit of their choice.
- iii. Given the opportunity to rehabilitate their primary residence, which sustained damages due to Hurricanes Ike and / or its after-effects.

XI. APPLICATION PROCESS

A. The County CDBG Disaster Recovery Fund Program Administrator and/or their designee shall be responsible for advertising the availability of the program and for accepting applications.

a. Applications will be accepted in person, by U.S. Mail, courier service, email, and by fax. Incomplete applications will be held for at least 60 days or until all program funds are committed or expended, whichever comes first.

b. All applications will be reviewed for completeness in the order in which they are received, and prioritized in accordance with Part A – General Program Guidelines, item “c”, Page 2. Information related to employment, income, assets and liabilities will be verified to determine the applicant’s eligibility.

c. All prospective home repair sites must undergo an environmental review prior to the final determination of eligibility. The environmental review will ascertain that the home repair project will not adversely affect a protected environmental resource, and also that Federal funds may be committed to the project without violating any Federal Environmental Laws or Authorities. Where a protected environmental resource may be impacted by the home repair activities, the affected condition(s) must be addressed prior to the approval of the project. No work shall be permitted on any home site until environmental clearance has been issued for that site.

d. The Disaster Recovery Fund Program Administrator shall approve, disapprove or modify recommendations concerning an applicant’s request for assistance.

e. Duplication of Benefits: GLO and Liberty County will disallow expenditures if it is determined that funds provided under the CDBG Disaster Recovery Program will not be used for disaster- related projects or if any funds allocated will duplicate other benefits. No person, business concern or other entity may receive CDBG Disaster Recovery funds to assist with any part of a loss resulting from Hurricane Ike if financial assistance has been received for the same loss from insurance companies, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), or from other local, state or federal organizations. In addition, CDBG Disaster Recovery funds may not be used for activities reimbursable by, or for which funds have been made available by

insurance companies, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), the U.S. Army Corps of Engineers or other local, state, or federal organizations.

f. Applicants selected for assistance shall be counseled regarding their housing needs and in determining the type of eligible housing assistance appropriate for them. Liberty County and the successful applicant shall execute the “*Homeowner Certification & Agreement to Participate*” (**Form 11.05**), which states the terms of assistance and outlines the responsibilities of the applicant and the County.

g. Applicants for the Round 2 program will be screened in the order they are received.

h. All applicants will be given 15 days within which to complete their applications. Deadline for returning required documents will be clearly noted in writing. Incomplete applications will be considered “In-active” and will not be processed further by the County.

XII. ENVIRONMENTAL REVIEW

A. Under the National Environmental Policy Act of 1969 (NEPA) and related laws, every home or property to be assisted with CDGB Disaster Recovery funds must undergo an environmental review and obtain environmental clearance before the project can receive Federal aid approval.

a. No commitment of resources or expenditure of funds shall be permitted prior to the completion of the environmental review.

b. While environmental clearance is pending, an aid recipient may not undertake any actions or perform any activity that could limit the choice of reasonable alternatives to the project. Choice limiting activities include but are not limited to: the acquisition of land (irrespective of funding source); closing on loans; demolition or construction of a building or structure; and the execution of legally binding agreements.

c. The County Hurricane Ike CDBG Disaster Relief Program funds will not be used to assist properties that are located in a floodway or within an airport runway clear zone

B. Levels of Review - The level of environmental review that is required for each project will depend on the nature and extent of the project activities. Liberty County shall at the onset determine what level of assessment is appropriate for the project.

a. A project may be classified as:

i. Exempt

ii. Categorically Excluded, subject to or not subject to the requirements of 24 CFR 58.5 (CEST/CENST)

iii. Environmental Assessment (EA)

iv. Environmental Impact Statement (EIS).

b. Activities which are neither Exempt nor qualify as Categorically Excluded will require an Environmental Assessment documenting compliance with NEPA and HUD environmental regulations, and with any other applicable federal or local environmental laws. When it is evident that a project will significantly impact the environment, an Environmental Impact Statement should be prepared directly without first undertaking an Environmental Assessment. An environmental review should consider all possible impacts that may result from a project, including those activities that may not be directly related to the project but would not occur absent the CDGB Disaster Recovery actions.

C. Tiering - In accordance with 24 CFR 58.15, the County will tier the environmental reviews to eliminate repetitive discussions of the same issues during the review process. Tiering is appropriate when site- specific analysis or mitigation is not immediately feasible due to the fact that individual project sites are unknown at the onset of a program.

a. The first stage in this two-tiered process is to evaluate those environmental issues that are ripe for discussion and can be analyzed at a broad geographic level. The County shall conduct this review at the County level.

b. The second stage is the completion of a site-specific review for each project location, to be undertaken after the application intake process has begun and when specific sites have been identified. The site-specific review shall cover those environmental conditions not evaluated at the broad level.

c. Details of the tiered review process shall be recorded in a Tiering Plan.

D. Environmental Review Record (ERR) – Liberty County will keep a written record of all the documents, discussions, decisions, consultations, and determinations made in the course of the review of each individual project site. The Environmental Review Record will include public notices and other pertinent documents as evidence of review, decision-making and actions pertaining to each particular project. The environmental review record shall:

a. Describe the project and the activities determined to be part of the project

b. Evaluate the impact of the project on the environment and protected resources

c. Document compliance with NEPA and HUD requirements as well as any other applicable statutes and authorities; and

d. Record the written determinations and review findings.

E. The Environmental Review Record shall be kept in electronic file format and shall be made available for public inspection upon request.

XIII. REPORTING REQUIREMENTS

A. The County will comply with the reporting requirements mandated under GLO's CDBG Disaster Recovery Program. This includes maintaining a compilation of demography data

and other information on applicants and awardees processed by the County during Round 2 of the Disaster Recovery Program, as required the Conciliation Agreement.

- a. The County will follow GLO's established procedures in making periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between GLO and the County.
- b. The County will follow GLO's established procedures collect and report data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance as required by the Conciliation Agreement. The reporting requirements will include, but not be limited to the following:

- i. For each program activity requiring a direct application by an individual or non-institutional entity:

- 1. Applicant household's income
 - 2. Household's income as a percentage of area median family income as defined by HUD
 - 3. The race and ethnicity of the head of household
 - 4. The household's familial status
 - 5. The presence or non-presence of a household member with a disability

- ii. For each activity providing housing or housing assistance that is not directly linked to a specific beneficiary:

- 1. The cost of the housing unit to the applicant and to the occupant
 - 2. The maximum qualifying household income as a percentage of area median family income as defined by HUD
 - 3. Restrictions regarding the age or familial status of occupants
 - 4. The presence or absence of designs or services that make the housing unit accessible to an individual with a disability and the number of fully accessible units.

XIV. RECORDS RETENTION

A. All official records on programs and individual activities are maintained for a 5 (five) year period beyond the end of the affordability period for each housing activity.

XV. PROCUREMENT REQUIREMENTS

A. Liberty County shall abide by the Procurement process mandated by the Federal, State, and Local Government codes as they are applicable to the Program. The procurement process includes the decision to purchase as well as the process to complete the purchase. The federal government has established a set of procurement rules at 24 CFR Part 84 and 85 that apply to CDBG- funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage open competition for the best level of service and price. In addition, the State of Texas has enacted a set of regulations that also apply to CDBG contracts through the Uniform

Grant Management Standards, the Texas Government Code and the Local Government Code. If a conflict between federal and state procurement regulations should occur, safe harbor is typically found in the more stringent regulation.

B. Liberty County will submit a plan for compliance with Section 3 (24 CFR Part135) requirements for GLO approval prior to the start of construction on any contract activity.

XVI. SITE AND DEVELOPMENT RESTRICTIONS

A. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) must be used as required where appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a CDBG-assisted property, the County may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

B. All other CDBG-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR§982.401. All multifamily rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

C. Housing developments must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.§§3601–3619) and the design and construction requirements of the Fair Housing Act Design Manual. Additionally, developments involving new construction (excluding construction of nonresidential buildings) where some units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the design and construction requirements of the Fair Housing Act Design Manual, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance certification will be required after the development is completed from an inspector, architect, or accessibility specialist. Any developments designed as single family structures must also satisfy the requirements of §2306.514 of the Texas Government Code.

D. All Applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.

XVII. CONSTRUCTION STANDARDS

A. Housing Quality Standards (HQS) (formerly known as Section 8 Housing Quality Standards) were developed by HUD to provide a minimum benchmark level of acceptable residential standards. Construction activities completed under the CDBG Disaster Recovery Program will, upon completion, enable the structure to comply with, at a minimum, HQS. Specific requirements are included in Appendix A, APPENDIX A CONSTRUCTION STANDARDS, SPECIFICATIONS AND GLO REQUIREMENTS: Chapter 9 – GLO Manual – Information Regarding: Standards for Construction Activities; Construction Requirements; Building Contractor Responsibilities; Accessibility; Plans and Specifications; REScheck Requirements, Texas Minimum Construction Standards, Progress Inspection forms, Damage Assessment/HQS Inspection Form – to be completed by Liberty County, and - List of Construction Debris Landfills.

B. REScheck Requirements

- a. Newly constructed and reconstructed homes must meet energy efficiency standards as required by the U.S. Department of Energy (DOE). A housing unit's energy efficiency rating is determined and documented using DOE's REScheck certification procedure, available at www.energycodes.gov/rescheck/.
- b. A REScheck certification dated after the completion of the reconstruction shall be provided as confirmation that the energy efficiency features listed on the certification were actually included in the constructed home. The REScheck must be submitted with the final draw request and a copy retained in the Project Activity File.

XVIII. CONSTRUCTION REQUIREMENTS FOR REPAIRS, REHABILITATION AND RECONSTRUCTION

A. Timeline

Liberty County will prepare a timeline schedule to monitor progress as repairs and construction activities are completed. Because Disaster Recovery Programs are limited to a two (2) year term or less, the County will ensure that milestones are met throughout the contracts' lifespan.

B. Initial Inspection

Liberty County will ensure that a thorough initial inspection of the selected participant's home is conducted by a qualified inspector. The inspector will complete and sign the "Initial Inspection" document (**form 11.01**) upon completion of inspection. The County will retain the form in the Activity File. The purpose of the initial inspection is to determine whether:

- a. The house is structurally sound enough to justify any level of rehabilitation, and
- b. The repairs desired by the homeowner match the repairs which the program has defined as eligible.

Although a certified building inspector is not required, the County will require that persons performing housing inspections have program experience regarding compliance with local, state and federal construction requirements.

C. Work Write-up \ Cost Estimate

A “*Work Write-Up\Cost Estimate*” document will be completed following the initial inspection. This document will be clear, thorough, and accurate and must be approved and signed by the homeowner and County or County’s designated representative.

At a minimum, the” *Work Write-Up/Cost Estimate*” document will include:

- a. Types of repairs, replacements, installations etc. to be provided
- b. A clear description of work to be performed
- c. Quantities involved in completing the work
- d. Location of the work to be performed, and
- e. Estimated timeline for completion

When repairs are made, they must reasonably match the surrounding materials in the original design and dimension of the home. It is appropriate to provide or repair a structure in keeping with existing neighborhood characteristics. Such repairs will be included as part of the original “*Work Write- Up/Cost Estimate*” and not as an addition made through a change order.

D. Procurement Process

A copy of the Work Write-Up (without the cost estimate) is provided to bidders who respond to the published Invitation for Bid (IFB). *Cost estimates will never be provided to a building contractor prior to bidding.* Building contractors who are bidding on the work will perform their own separate inspections of the property and develop independent cost estimates for the required rehabilitation or reconstruction. The building contractors” bids are then submitted to the County to be opened in a public forum. When the bids are compared, only those within 15 percent of the estimated cost can be accepted. *(For further guidance, see the Procurement section.)*

E. Contractor Qualifications, Procurement and Selection

- a. Qualifications – In order to meet GLO’s and County’s requirements, building contractors and sub-contractors must meet the following minimum requirements:
 - i. Provide proof of current general liability policy of at least one million dollars (\$1,000,000).
 - ii. Must not be debarred, suspended, or ineligible to provide service to federally assisted projects. (Debarment status is listed in the U.S. General Services Administration’s list of parties excluded from Federal procurement or Non Procurement programs).
 - iii. Historically Underutilized Businesses (HUBs) will be given opportunities whenever possible.
 - iv. The County Section 3 Plan is included as Attachment “D”. Locally owned business, to the greatest extent possible, will be given opportunities to participate in the program.

- v. Proof of ability to secure performance and/or payment bonds must be provided.
- b. Procurement – County will comply with the same procedures for purchasing goods and services that apply to a local government. Local Government Code Section 252.022 provides an exemption from competitive procurement if it is necessary to preserve or protect the public health or safety of the municipality’s residents. The County is required to submit a plan for compliance with Section 3 (24 CFR Part 135) requirements for GLO approval prior to the start of construction on any contract activity.
- c. If it is determined that County’s activities qualify under the exemption provided, and standard procurement procedures will not be used, County will explain in writing why the non-standard procurement method was necessary in the hiring of services or purchasing of materials for rehabilitation or reconstruction of housing affected by Hurricane Ike.
- d. Standard procurement procedures require the competitive sealed bid process for procurement of building contractors. The lowest qualified reasonable bid will be selected.
- e. Selection – An approved building contractor list may be created which includes bidders who meet the fair and reasonable criteria pre-established by the County. The Invitation for Bids (IFB) may be limited to building contractors on the established list, or it may be open to all bidders.

F. General Property Improvements

- a. General property improvements are eligible costs if they are reasonable and customary for the area. Luxury items such as skylights, hot tubs, etc., are not considered general property improvements and are ineligible.
- b. Examples of eligible property improvements include, but are not limited to:
 - i. Work to eliminate inefficient design such as moving or removing walls (e.g. to create an accessible route)
 - ii. Carbon monoxide detectors, and
 - iii. Remodeling a kitchen, bathroom, or currently underutilized space to improve efficiency or accessibility

G. Substantial Rehabilitation and Feasibility Analysis

- a. When an activity reaches the \$90,000 limit on rehabilitation assistance, it is recommended that a preliminary cost assessment comparing the potential cost of rehabilitation to the cost of reconstruction be prepared before reclassification of the project. A cost assessment frequently referred to as a feasibility analysis, will include:
 - i. Estimated costs for enabling the property to comply with HQS and local building codes and standards, as applicable
 - ii. Itemization of costs of major housing systems (i.e. foundation, electrical, plumbing, etc.) requiring repair or replacement
 - iii. Inspection forms
 - iv. Notes and information pertinent to determining the construction required, and
 - v. Photographs of the interior and exterior

- b. If the feasibility analysis indicates that rehabilitation is not financially advisable, reconstruction may be determined to be the preferable method of assistance. The homeowner will be notified and the options available will be explained.

H. Progress Inspections

- a. The purpose of progress inspections is to:
 - i. Provide evidence of partial completion for the purpose of draw requests
 - ii. Check the quality of workmanship
 - iii. Confirm that applicable codes, specifications, and standards have been met
 - iv. Confirm that contractual requirements have been met, and
 - v. Examine construction systems as they are installed, including but not limited to:

Foundation
Electrical
Plumbing
Framing
HVAC, and Insulation

- b. The “*Progress Inspection Report*” will be completed to ensure quality control and to identify issues as work progresses. County will retain a copy of the form in the Activity File. Progress inspections will be scheduled to follow receipt of the building contractor’s invoice, and will be performed before items are covered up in the construction process.

- c. GLO or County may also make periodic construction site visits to verify construction progress or completion.

I. Construction Practices – Construction procedures include the following requirements

- a. Lien Waivers and Release of Liens: Lien waivers are required upon completion of rehabilitation or reconstruction. Material suppliers, sub-contractors, and laborers must not sign lien waivers before they have received their final payment for materials provided or work performed (refer to Lien Waivers and Affidavits section below). Construction procedures include the following requirements:

- b. Change Orders: If additional work for repairs or correction of unforeseen problems becomes necessary, the building contractor must submit a “*Change Order Request*” document identifying the additional type of work needed, with its associated cost and time required for completion. Unit price amounts will be provided, along with a description and an explanation of why the item was not included in the original bid. No work can be authorized until the “*Change Order Request*” document has been signed by the building contractor, the homeowner, and the County.

- c. Payment Requests: Determine the method by which payments will be made to building contractors. No payment will be made to building contractors or suppliers for work not yet completed for materials not received. The “*Contractor’s Request for Payment*” will be

signed by the building contractor, homeowner, inspector, and the County. Draw requests submitted to the County for reimbursement of expenses incurred must include adequate support documentation.

d. Payment Inspections: On-site inspections will be completed frequently to ensure that materials installed meet project specification, and that quality workmanship is performed.

J. Written Warranties – Building contractors must provide written warranties guaranteeing their work for a period of one (1) year after completion. Warranties are provided to the homeowner at the completion of the activity.

a. For a period of one (1) year, the homeowner may require the building contractor to correct defects or problems arising from their work under the contract by making a written request. The building contractor must contact the homeowner within four (4) business days from the date of the written request.

b. Should the building Contractor fail to make adequate repairs and/or corrections within thirty (30) days, the homeowner may take any necessary legal recourse as describe in the building contract.

K. Liquidated Damages - Liquidated damages are predetermined and agreed upon as an estimate of the actual damages resulting from failure to meet contractual obligations (for example: if construction is not completed by a certain date, the contractor must pay the homeowner \$100 per day). The damages must be reasonable and related to the actual costs incurred by the parties to the contract as a result of the breach. The provision will be stated in the contract.

L. Pre-Construction Conference – A pre-construction conference will be held before any work is performed on the activity. The conference must be attended by:

Home owner

Selected building contractor, and

Liberty County or its designee

a. The goal of the pre-construction conference is to ensure that all parties have the same expectations concerning the outcome of the activity. The pre-construction conference educates the homeowner as to what to expect during the rehabilitation or reconstruction process. The pre-construction conference will address the following topics and/or procedures:

i. Responsibilities: terms and conditions of the construction contract and the responsibilities of the three (3) parties involved – the homeowner, building contractor and Liberty County.

ii. Payments: informing both the homeowner and the contractor that Disaster Recovery Program funds can only be used to pay for the items specified in the contract. Work not specified in the contract will be the financial responsibility of the homeowner.

iii. Scheduling work processes: determining when each construction activity will take place; in what order the work will be completed, and why; what items will be special ordered and how long it will take to arrive; what work hours will be observed; when inspections will be conducted and who will perform them; and when completion can be expected.

iv. Lead-Based Paint (LBP): ensuring that the HUD pamphlet "*Protect Your Family from Lead in Your Home*" is provided to all homeowners; obtaining the Receipt of Lead-Based Paint notification and keeping it in the Activity File; identifying containment areas within the home; explaining the LBP procedures, as applicable; determining if temporary relocation will be required and for how long; and deciding who will pay for the relocation expenses.

v. Warranties: who the homeowner would contact concerning unsatisfactory workmanship.

vi. Activity Budget: how much money is available to pay for rehabilitation or reconstruction; which items the homeowner will be responsible for; how change orders will be handled.

vii. Paperwork: who is authorized to sign paperwork and approve payment requests; and what forms must be signed in order to carry out the construction activities.

viii. Sub-Contractors: will sub-contractors be used and if so, how many and for what purpose.

b. Prior to the commencement of construction, the County will perform a walk-through of the house to point out how rehabilitation will be performed in accordance with the "*Work Write-Up/Cost Estimate*." Preferences in colors, qualities, styles and materials must be resolved and noted.

c. The following documents must be completed and signed by applicable parties:

i. The Pre-construction Conference Report: All parties must sign the "*Pre-Construction Conference Report*," certifying that they understand the rehabilitation\reconstruction process and their respective responsibilities.

XIX. HOMEOWNER RESPONSIBILITIES

After an applicant household has been approved to receive assistance, the County shall advise homeowner(s) of their rights and responsibilities as a CDBG Disaster Recovery Program participant. The homeowner shall be informed of all steps that will take place during the rehabilitation\reconstruction process. Homeowner shall execute a "*Homeowner Certification and Agreement to Participate in the CDBG Disaster Recovery Program*" which shall be retained in the Activity File. Other homeowner responsibilities\obligations include:

- a. Read the Contract: the County shall require the homeowner to read all documents and ensure that they understand and consent to their terms and conditions before signing them. It is the homeowner's responsibility to review all contracts, specifications, and work write-ups before signing the "*Homeowner Certification and Agreement to Participate*" document. It shall be the County's responsibility to ascertain that the homeowner is aware of, understands, and is capable of performing their responsibilities before proceeding with program activities.
- b. Make Entire Agreement in Writing: Liberty County shall ascertain that the homeowner understands that the entire agreement must be in writing and that any items not specified in writing are not part of the participation agreement. The scope of services will be discussed at the pre-construction conference.
- c. Provide Physical Access to the Property: The homeowner shall make all necessary arrangements to provide access to the subject property to the building contractors who are providing construction services for the program. If reasonable and timely access is denied to the building contractor who is attempting to make a good faith effort to perform required repairs, the homeowner may be held responsible for the time lost by the contractor.
- d. Secure Personal Belongings: The homeowner is responsible for ensuring the security of their personal property. Incidents where homeowner's personal belongings are negligently damaged or missing during the performance of rehabilitation or reconstruction work should be reported to Liberty County immediately the damage or loss is discovered. It shall be the homeowners' responsibility to pursue damages for such losses. Homeowners are advised to make a photographic and written inventory of their personal property before construction work is begun.
- e. Avoid Interfering with Construction Work in Progress: Homeowner must make reasonable effort to keep away from the construction zone and to avoid interfering with the construction activities while the rehabilitation or reconstruction work is going on.
- f. Approve Contractor's Request for Payment: The homeowner and the County must approve itemized requests for payment made by the building contractor in a timely manner. By signing the "*Building Contractor's Request for Payment*" form (**Form 11.04**) the homeowner is verifying that:
 - i. They have inspected the work performed by the contractor
 - ii. Work being billed has been completed in accordance with required specifications, and
 - iii. They are satisfied with the work performed

If the homeowner is not satisfied with work performed or with a particular item being billed, the item may be deleted from the "*Building Contractor's Request for Payment*" form (**Form 11.04**) until the work is satisfactorily completed or the issue is otherwise resolved. However, if the work has been completed according to specifications but the homeowner unreasonably refuses to sign the "*Contractor's Request for Payment*" form (**Form 11.04**), the homeowner may be held responsible for any time lost by the contractor on account of the dispute. Any such conflict shall be resolved

according to dispute resolution procedures provided in these Housing Guidelines. The “*Contractor’s Request for Payment*” form (**Form 11.04**) shall be retained in the Activity File.

g. Provide Utility Services: The homeowner must have all necessary utilities available for the building contractor’s use, including water, electricity and gas, as applicable.

h. Insure the Property: (*See also Section on Insurance Requirements*). Homeowners are required to maintain hazard, windstorm and flood insurance policy (where applicable) by the Covenant Deed documents. Failure to maintain insurance coverage on the assisted property may make the homeowner ineligible for Disaster Recovery assistance in the event of losses from a future storm event. The County will utilize CDBG funds to cover the hazard, windstorm and flood insurance premiums for the first year of a disaster recovery assistance home after which homeowner shall be responsible for maintaining insurance coverage. Documentation of insurance coverage shall be maintained in the Activity File.

i. Homeowner shall execute the “*Homeowner’s Service Agreement*” form certifying that the homeowner agrees to provide the County and personnel of the project building contractor access to their property as needed, from the planning stages of the project work through the completion of the construction. This shall include permitting access for building inspection and the documentation of damage with photographs.

XX. BUILDING CONTRACTOR RESPONSIBILITIES

A. Submit a Bid: Building contractors shall certify that they understand they are bidding on a federally funded, state administered construction contract. Debarment by either the state or federal government will make the building contractor and any lower tier contractors ineligible for payment. Other building contractor responsibilities\obligations shall include:

a. Construction Standards: Each building contractor shall certify that all their work will meet or exceed any local codes and standards and that on the completion of non-emergency construction, the entire structure shall comply with official HQS. Furthermore, the building contractor shall certify that any reconstruction homes shall conform to the International Residential Code (IRC) and any local codes and standards, whichever is more stringent.

b. Anticipated Workdays: Establish the anticipated number of workdays in the building contract.

c. Execute the “Work Write-Up/Cost Estimate” Form: Building contractor, the homeowner and the County shall execute the “*Work Write-Up/Cost Estimate*” form (**Form 11.17**). A copy of this document shall be retained in the Activity File.

d. Execute the “Contractor’s Request for Payment” document: All building contractor’s payment requests shall be made in writing using the “*Contractor’s Request for Payment*” form (**Form 11.04**). The “*Contractor’s Request for Payment*” must include an itemized list of costs and fees being billed and must be signed by the building contractor, the homeowner, and the County. Building contractor shall

inspect the work performed by its staff at least one (1) business day prior to submitting the “*Contractor’s Request for Payment*.” Payments shall be made to the building contractor only upon certification that work has been satisfactorily completed. A copy of the “*Contractor’s Request for Payment*” shall be retained in the Activity File.

e. Warranty Period: Upon completion of work performed and approval by the homeowner and the County, the “*Final Inspection Verification*” form (**Form 11.03**) will be completed. The one (1) year warranty period begins on the date of completion of work performed as stated on the “*Final Inspection Verification*” Form (**Form 11.03**). A copy of the form shall be retained in the Activity File.

f. Specifications: Rehabilitation must comply with local codes, standards, and specifications. Upon completion of non-emergency construction, the entire structure must comply with official HQS. Building contractor shall ensure that all reconstruction and new construction work comply with IRC or with local codes, standards, and specifications, whichever is more stringent. Furthermore, all materials must be new and of good quality and construction work must be done with skilled craftsmanship.

g. Samples for Homeowners: Building contractors shall provide samples to the homeowner to facilitate the selection of building materials. The homeowner shall be given one (1) week to make the material selections. Building contractor shall provide a letter signed by the homeowner stating which colors and qualities of items such as paint, flooring, brick, siding, shingles, doors, windows, drawers, hardware, and counter tops were selected and approved by the homeowner.

h. Final Clean-Up: When construction work is complete, the building contractor shall:

- i. Remove all construction debris from the site and dispose in an approved manner;
- ii. Clean all work areas, including floors and finished surfaces;
- iii. Leave all newly installed items in operating condition;
- iv. Light any gas water heater pilots, stove/oven pilots, and gas heater pilots that may have been affected by work performed; and
- v. Start all other electrical and mechanical systems and ensure they are working properly.

XXI. PLANS AND SPECIFICATIONS

A. The rehabilitated or reconstructed homes shall not be of a smaller design or have reduced features or standards than what is documented in the plans and specifications for the project. Plans and specifications must meet or exceed local building codes and standards or IRC as applicable, whichever is more stringent.

a. Construction plans must include, at a minimum:

- i. Detail sufficient to complete the activity
- ii. Detail of all accessibility features; and
- iii. All sheets and schedules as required by various trades on site

XXII. REScheck REQUIREMENTS

A. Newly constructed and reconstructed homes must meet energy efficiency standards as required by the U.S. Department of Energy (DOE). A housing unit's energy efficiency rating is determined and documented using DOE's REScheck certification procedure, available at www.energycodes.gov/rescheck/.

B. A REScheck certification dated after completion of the reconstruction will be provided as confirmation that the energy efficiency features listed on the certification were actually included in the constructed home. Submit the REScheck with the final draw request and retain a copy in the Activity File.

XXIII. LIEN WAIVERS AND AFFIDAVITS

A. In the event that a sub-contractor or a material supplier does not receive payment for work or goods provided, they shall have the right to file a lien against the homeowner's property. Such liens, called "mechanic's liens" and "material men's liens" respectively may cloud the title to the property and create an obstacle to construction completion.

B. Final Bills Paid Affidavit by Contractor: The "*Final Bills Paid Affidavit by Contractor*" form (**Form 11.08**) is required by the Texas Property Code Sections 53.085 and 53.259. As a condition of obtaining final payment, the building contractor must execute and deliver an affidavit stating that each person who performed work or provided materials for the construction work has been paid in full. If activity bills remain unpaid, the building contractor must state this fact in the affidavit and list the amount owed, along with the name, address, and phone number of any party to whom funds are still owed.

C. The "*Final Bills Paid Affidavit by Contractor*" form (**Form 11.08**) must be notarized. There are significant penalties for making false affidavits, including up to \$4,000 in fines and confinement in jail.

D. The "*Final Lien Waiver Affidavit by Sub-Contractor*" form (**Form 11.23**) is authorized under Texas Property Code Section 53.085. This form documents receipt of final payment by the building contractor and provides a sworn waiver and indemnity for all claims made against the homeowner in the form of mechanics' or material-men's liens. The "*Final Lien Waiver Affidavit by Sub- Contractor*" form (**Form 11.23**) must be notarized.

XXIV. FINAL INSPECTIONS

A. When work is nearing completion, the building contractor will notify the County of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work cited in the contract has been satisfactorily completed according to the applicable specifications. The final inspection must be thorough, and conducted as deliberately as the initial inspection.

B. The “*Final Inspection Verification*” form (**Form 11.03**) must be signed by a qualified inspector and submitted to the County and GLO, along with “after” photos of the completed construction, as a condition of requesting the final draw. This procedure is to ensure that:

- a. All contract items have been completed according to contractual requirements;
- b. All program construction requirements have been met;
- c. All items included on the punch list have been addressed and corrected; and
- d. The homeowner has received all warranties and instruction booklets.

Liberty County shall keep a copy of the “*Final Inspection Verification*” form (**Form 11.03**) with photographs in the Activity File.

XXV. MANUFACTURED AND MODULAR HOUSING

A. Manufactured Housing - HUD defines a manufactured home as:

“A structure, transportable in one or more sections which, in the traveling mode is eight (8) body-feet or more in width, or forty (40) body-feet or more in length, or when erected on site, is 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein”

a. Under the CDBG Disaster Recovery Program:

- i. A manufactured housing unit may be replaced with a new manufactured housing unit. The project would be considered reconstruction.
- ii. A manufactured housing unit may be replaced with a site-built housing unit IF the manufactured housing unit is listed registered as real property with the GLO Manufactured Housing Division and is filed in the real property records in the county in which the home is located. The project could be considered either reconstruction or new construction. Certain property ownership requirements may apply.
- iii. In certain cases where applicant does not own the land, a site-built house may be replaced with a new manufactured or modular housing unit. The project could be considered either reconstruction or new construction.
- iv. Replacement of a manufactured housing unit with a used manufactured housing unit is not eligible.
- v. A manufactured housing unit may be replaced (i.e. reconstructed) with another manufactured housing unit even when the owner is renting the land on which the manufactured housing unit is situated, provided the household demonstrates ownership of the manufactured housing unit.

B. Modular Housing - HUD defines a modular home as follows:

“A modular home is built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.”

- a. Modular homes are treated the same as site-built homes for the purposes of the Disaster Recovery Program. They may be used to replace a site-built home as a reconstruction or new construction activity.

XXVI. ACCESSIBILITY

A. Accessibility of Structures - Any newly constructed single family home (including reconstruction) that is built using Disaster Recovery Program funds must meet the following specific accessibility requirements according to the Texas Government Code Section 2306.514:

- a. Each breaker box shall be located inside the building, on the first floor.
- b. The top of each electrical panel or breaker box, light switch, or thermostat shall not be higher than 48 inches above the floor.
- c. At least one (1) entrance door (may be located on the front, side, or back of the building) shall be on an accessible route served by a ramp or a no-step entrance, and shall have at a minimum, a standard 36 inch door opening.
- d. On the first floor of the building, each interior door shall have at minimum, a 32 inch door opening, unless the door provides access only to a closet of less than 15 square feet in area.
- e. Every hallway shall have a width of at least 36 inches and shall be level, having ramped or beveled hangs at each door threshold.
- f. Every bathroom wall shall be reinforced for potential installation of grab bars; and
- g. Every electrical plug or other electric receptacles shall be at least 15 inches above the floor.

B. For properties rehabilitated *using* Disaster Recovery Program funds, reasonable accessibility improvements are allowable as needed and authorized by the homeowner.

XXVII. CONFLICT OF INTEREST

A. The conflict of interest regulations contained in the contract between the County and GLO prohibit local elected officials, the County employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

B. For purposes of this section, “family” is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

C. The Department is able to consider granting an exception to the conflict of interest provision should it be determined by GLO that the County has adequately and publicly addressed all of the concerns generated by the conflict of ~~interest~~ and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. Do not enter into a conflict of interest until a request for an exception has been granted.

XXVIII. COMPLAINT/APPEAL PROCESS

A. Citizen complaints will be handled as required under the following regulations:

- a. 24 CFR 91.11(h) Citizen Participation Plan which states, “The citizen participation plan shall describe the State’s appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG recipient).”
- b. 24 CFR 570.486(a)(7) Local Government Requirements, which states, “Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days, where practicable.”
- c. 10 TAC Sec.1.17(a) Alternative Dispute Resolution which states, “In accordance with §2306.082, Texas Government Code, it is GLO's policy to encourage the appropriate use of Alternative Dispute Resolution ("ADR") procedures to assist in the fair and expeditious resolution of internal and external disputes involving GLO and the use of negotiated rulemaking procedures for the adoption of Department rules, consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). GLO's ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies (§2306.082(b), Texas Government Code).”

B. Resolution of complaints must be handled sensitively and fairly. Complete and thorough program documentation and contractual agreements, careful implementation of ~~policies~~ and procedures, and clear and respectful methods of communication will ~~help~~ prevent and resolve complaints. Incorporation of escalation procedures into the complaint process will support resolution at the earliest stage possible.

C. Information about the right and how to file a complaint shall be printed on all program applications, guidelines and County’s web sites in all local languages, as appropriate and reasonable.

D. Types of Complaints

- a. Policy: There are two types of complaints; formal and informal.
 - i. Informal: Informal complaints may be verbal and can come from any party involved in the application process, including the homeowner or building contractor. A written procedure for handling these complaints is not required.
 - ii. Formal: Formal complaints are written complaints, including faxed and emailed statements. A written procedure for dealing with formal complaints is required.
- b. Required Documentation: Statement of policy only. No required documentation.
- c. Verification Procedures: Statement of policy only. No verification procedures required.

E. Informal Complaints

- a. Policy:
 - i. Informal complaints may be verbal, and can come from any party involved in the process, including the homeowner or building contractor.
 - ii. A written procedure for handling these complaints is not required.
- b. Required Documentation: Statement of policy only. No required documentation
- c. Procedure:
 - i. A person who calls a County to file an informal complaint will be advised on how to file a formal complaint if their complaint cannot be immediately resolved.
 - ii. The County procedures will include a complaint escalation process in order to ensure complaints are handled at the earliest stage in the process.
 - iii. Parties interested in GLO's Programs are directed by program literature, the program and the website and information provided by County staff. Notwithstanding these directions, some individuals will choose to make inquiries directly to GLO.
 - iv. The following outlines suggested procedures in the event a question is posed directly to GLO:
- d. Action for County Staff:
 - i. Obtain all pertinent applicant details including name, address, contact number and application ID.

ii. Capture the details of the question or complaint to include the names of program personnel previously contacted.

iii. Contact County Administrator and provide details of the query. Forward copies or originals of any documents or correspondence received. Please include how any questions were answered, what information was provided and what action you would like the County Administrator to take, if any.

F. Formal Complaints

a. Policy:

i. Formal complaints are written statements of grievance. These complaints may come to the County Administrator or GLO in the form of a fax, email or letter and are handled through a documented set of procedures that comply with federal regulations and GLO requirements. The Complaint Tracking System will be used to store, track, and document resolution of the complaint.

ii. The formal complaint process tracks the process outlined by GLO for handling complaints.

iii. If the formal complaint is submitted to GLO, GLO at their discretion will submit the complaint to the County.

iv. The County will document, process, and file all complaints received from GLO following the policy and procedures outlined.

v. Complaints with insufficient data or submitted by a third party with no standing in the application about which the complaint is being submitted need not be accepted.

b. Required Documentation:

i. The Complaint Policy and Procedures documentation includes the following elements:

1. Definition of the kind of disputes or complaints that will be handled.
2. Identification and description of the party responsible for handling the complaint and the disposition.
3. Appeal process available to complainants, including how an appeal is initiated, to whom the appeal is made, time limits for filing an appeal, and any details pertaining to the reviewer or person(s) who handle the appeal; and
4. How to file a formal complaint

c. A file for each complaint will be maintained. The file will document each step of the complaint process and will include the following:

- i. The name of the person who filed the complaint;
- ii. The date the complaint was received;
- iii. A description of the complaint;
- iv. The name of each person contacted in relation to the complaint;
- v. A summary of the results of the review or investigation of the complaint;
and
- vi. An explanation of the reason the file was closed, if the file was closed.

d. Procedure:

- i. In order for a complaint to be processed it must be received in writing (includes fax and email) and must include:
 1. The name of the complainant, and
 2. Contact information of the complainant
 3. Complaints may be submitted in the following ways:
 4. By mail: 1923 Sam Houston Av. Liberty TX 77575
 5. By fax: 936-336-4518
- ii. Upon receipt of a written complaint, the PA or designee will perform the following steps:
 1. Assign a control number to the complaint;
 2. Review and/or investigate the complaint;
 3. Determine to which program the complaint refers;
 4. Submit the findings to an individual designated by GLO;
 5. Provide a copy of GLO's policies and procedures relating to investigation and resolution to the complainant and to each person who is subject of the complaint;
 6. Notify the complainant of the resolution within fifteen (15) business days after the complaint was received.
- iii. The following outlines the procedure in the event a formal complaint is received:
 1. Enter all pertinent information into the Complaint Tracking System. Enter the information under the category "Complaint Tracking". This will generate a Ticket/Control number. There will be a separate file or ticket for each complaint. The entry must contain the following information:

- a. The name of the person filing complaint
 - b. The date the complaint was received
 - c. A description of the complaint
- 2. Upload an electronic copy of the complaint into the Complaint Tracking System.
- 3. Notification will be sent via email to Operations Manager from the Complaint Tracking System. The ticket status will be updated to “Assigned”.
- 4. Determine if complaint is complete, relevant and has standing.
- 5. The complaint will be reviewed in detail and investigated through to resolution. Findings will be forwarded to an individual designated by GLO.
- 6. Progress updates of the review/investigation will be entered into the Complaint Tracking System by specific ticket number.
- 7. Notification will be sent to complainant within fifteen (15) business days after the complaint was received.
- 8. Once resolution has been determined and notice has been sent to complainant, the status of the ticket will be updated to “Closed”.
- iv. Citizens will be provided with the address, phone numbers, and times for submitting complaints or grievances.
- v. The Complaint Tracking System will categorize complaints, track the resolution process, and report on complaint status.
- vi. Corrective action is implemented, where warranted.

XXIX. CHANGES, WAIVERS, AND/OR CONFLICTS

- A. The County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.
- B. Waivers to the requirements in these Guidelines can only be approved by GLO and must be in provided in writing. GLO will provide the option for a waiver, only after the posting of the waiver request on the Department website for a public comment period of at least ten (10) days. The waiver request must demonstrate why the housing guidelines are not practicable for the County.
- C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

PART B – HOMEOWNER OPPORTUNITY PROGRAM INTRODUCTION

A. The Homeowner Opportunity Program (HOP) is a Disaster Recovery Housing Program that involves options up to and including the “buyout” of a home that has been “destroyed” by the hurricanes and the subsequent relocation of the homeowners to a location that is a safer and higher opportunity neighborhood. Destroyed, for the purposes of the HOP, means that the home cannot feasibly be rehabilitated under the rehabilitation cap to the point where the entire house meets, at least, Housing Quality Standards (HQS). Households for whom rehabilitation is sufficient will not qualify for relocation under the HOP. Households whose home has been destroyed may elect to decline relocation and reconstruct the original, storm destroyed property to remain in place. The options of the HOP include: reconstruction or replacement of the existing home; the purchase of a vacant lot on which to build a new home or locate a manufactured home; or the purchase of a home.

B. The County must make counseling available to income-qualified applicants living in a FEMA-designated “High Risk” area or area of high minority and/or poverty concentration (as approved by GLO) and extend the opportunity to participate in the HOP. The mandated counseling will include information on the applicant’s rights under the Fair Housing Act and the various disaster recovery housing program options; moreover, it will concentrate on providing the applicants the information and assistance necessary to facilitate their decision as to whether to rebuild in place or to relocate.

C. Relocation counselors and licensed real estate professionals will explain the housing options and choices available to the applicants. It is a voluntary path, for the applicant, that is not to be confused with a compensation-style, traditional buyout involving only the acquisition of the damaged property. Relocation of applicants who qualify for the HOP must remain within the jurisdictional boundaries of the Council of Government (COG) to which the original storm-damaged residence pertains.

D. Liberty County in conjunction with GLO, has developed a program that provides opportunities consistent with this guidance, and rehabilitation, reconstruction, new construction services will be offered in conjunction with the HOP program.

I. COUNSELING MADE AVAILABLE

A. As applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each applicant should be counseled and the various disaster recovery housing program options evaluated with the applicant.

B. Any LMI applicant should be allowed to receive counseling to provide guidance on the housing program options.

C. Applicants determined to be eligible for participation in the HOP will receive counseling and professional real estate services to provide guidance on their housing options unless expressly declined by the applicant. Professional real estate services will include, but not be limited to such services as providing guidance about and the opportunity to visit properties and neighborhoods in higher opportunity areas and/or areas outside of high minority and poverty concentrations.

D. Each counselor shall receive training provided by GLO in the housing programs offered by the County, receive affirmatively furthering fair housing training, and meet mortgage counseling licensing requirements consistent with federal and state law.

E. Once a counselor is assigned to an application, the counselor should make contact with the applicant within 10 days. The counselor should remain with that applicant as the chief point of contact (case manager), throughout the life of the application process until closing of the property. If a counselor leaves or is reassigned, the applicant will be assigned a new counselor who shall make contact with the applicant within 10 days of being assigned the file.

II. PROGRAMS MUST BE MADE AVAILABLE

A. Counselors should have resource information available to them to provide educated advice and to assist in decision making by the clients. These materials should include, at a minimum, school district ratings for eligible communities in the County's jurisdiction, health service facilities and programs available in the community for those needing assistance, a mechanism for discussing transfer of programs currently being utilized by applicant, and average utility costs and taxes for eligible program communities.

B. The County application intake process shall avoid discrimination against program eligible households, but shall promote equitable access to the various Disaster Recovery activities to such eligible applicants, in the administration of CDBG Disaster Recovery funds. Program policies shall avoid directing the activity choices or steering applicants to one choice or another in order to achieve an inequitable benefits distribution. Each program shall be designed to make every choice relatively equal in terms of total overall cost.

- a. Relative equality does not mean that the total cost of a reconstructing a home plus all other expenses eligible for rebuilding in place: a new water well, a new septic system, accessibility features (ramp, lift, etc.), and/or housing elevation would necessarily be the total amount of funds available for a relocation scenario through the HOP Homebuyer Assistance activity. The equal alternative is the cost of the house to which the beneficiary is relocated (CDBG DR assistance limited by the bids received for the standardized core home) plus accessibility features alone. The comparison is on the home provided, not the funds expended.

C. Relocations through either lot acquisition and construction or acquisition of a new/existing home will only be allowable only if the lot does not require home elevation expenses. Beneficiaries may not be relocated to FEMA-designated "High Risk" areas or areas of high minority or poverty concentration as determined by GLO. Participants should be relocated to safer and higher opportunity areas; nevertheless, there may be areas that require special attention for the purposes of relocation. Lots that need wells or septic work will be determined on a case by case basis. However, accessibility enhancements will be eligible for all programs.

D. The program as designed must relocate persons in concentration of protected classes or poverty out of these conditions and not into other areas that have similar characteristics.

III. USE OF EXTERNAL PROFESSIONALS

A. The HOP Homebuyer Assistance program will include the cost of professional services. Examples include real estate agents to provide guidance, including the opportunity to visit neighborhoods and properties, to advise applicants about lots or homes that are available in higher opportunity areas of the community with less concentrated areas of poverty and/or minority population. Professionals must receive training as mandated by the State in order to be certified eligible to participate in this program.

B. Professionals must be licensed by the state where appropriate. The County can, using proper procurement practices, hire full time professionals or create a qualified list of candidates and randomly assign them to files. The County should include estimated fees and associated costs in their program design.

C. Liability issues shall be governed by the normal business practice at Liberty County.

IV. DOCUMENTATION OF PROGRAM

A. The program design should include required documentation throughout the program. GLO will develop standardized documentation for the County to utilize to document that the program was offered and the decision by the applicant to participate or not was made with informed consent. The applicant's signature documenting that they received counseling should be obtained.

B. Any professional services rendered should create a contract with the applicant making the applicant aware that they are representing the applicant and not the program.

C. In the event that the applicant refuses to receive counseling and wants to rebuild in place only, an affidavit form should be filled out by the applicant and notarized.

V. ACQUISITION OF PROPERTY

A. The County must take title to the original, storm-damaged property. Title may be transferred to another unit of local government other than the County.

B. The acquisition cost for the original property destroyed by the storm will be the cost of a replacement house based on the standardized specifications for the appropriate household composition and size which will be bid locally.

C. Taxes must be current on the property to be acquired. CDBG DR funds cannot be used to directly pay back taxes. Applicants must be given the opportunity to pay back taxes.

D. Outstanding liens or mortgages are the responsibility of the homeowner and must be satisfied prior to transfer of title.

E. Fee simple title must be obtained. Should clear title not be available at the time of acquisition, the applicant will be allowed to participate in the GLO Title Clearance Program (pending available funding). Adequate funding to serve the applicant must be reserved until the title issues are resolved or one year from the date of the application have elapsed, whichever comes first.

a. Eligible applicants who are unable to resolve title issues within one year of the application date may still qualify for regular homebuyer assistance (up to \$40,000). Assistance to rehabilitate or reconstruct the original home may also still be available.

VI. DISPOSAL OF PROPERTY

A. The disposal and future use of property acquired under the HOP buyout program shall conform to the requirements of the CDBG Program in particular and HUD guidance in general.

B. The existing property that is bought out will be demolished; demolition of the property may be performed with CDBG DR funds.

C. To the extent allowed by HUD and where the final use of the property will be known and consistent with CDBG regulations and for the purposes of the relocation of the applicant, transfer of title to a nonprofit will be allowed.

ATTACHMENT A

HURRICANES IKE AND DOLLY ROUND 2 SINGLE FAMILY HOMEOWNER PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO or the Department) is administration of funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency and responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing Guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Single Family Homeowner Program activities funded under Round 2. These Guidelines do not replace or supersede the Guidelines developed in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. The County ~~must~~ incorporate those elements into their Single Family Homeowner Program.

C. The County of Liberty has received Hurricanes Ike and Dolly Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Single Family Homeowner Program administered by the Texas Department of Housing and Community Affairs (GLO or the Department).

D. The principal National Objective approved for the Disaster Recovery Single Family Homeowner Program under Round 2 is to Benefit Low to Moderate Income (LMI) households. Eligible activities defined in the General Guidelines are: rehabilitation, reconstruction, replacement, or new construction, and associated elevation and demolition. The County may also provide assistance for Individual Mitigation Measures (energy efficiency and storm mitigation activities). All activities must be consistent with the County's obligation to proportionately assist CDBG beneficiaries based on the Needs Assessment.

I. PROGRAM OBJECTIVES

A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and its residents. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

B. The following objectives are provided for the implementation and administration of a successful CDBG Single Family Homeowner Program. Actual selection of applicants is discussed in Section XI of the Guidelines.

a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricanes Ike and Dolly, as well as any future hurricanes.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

II. PROGRAM DESIGN

A. The County of Liberty and Texas General Land Office (GLO) have developed an action plan to support Hurricane Ike recovery efforts in the area by using, local data and Federal Emergency Management Agency (FEMA) data in order to determine the areas and populations most impacted by the storms. GLO will assist with the analysis and provide raw data.

B. Needs Assessment. The County's Program Design must be based on a Needs Assessment, working with HUD information and conducted by local governments, according to the requirements detailed in the General Guidelines. That assessment serves as the basis for the specific Single Family Homeowner Program that will be offered by the county. Specifically, the assessment will be used to determine the activities to be offered to meet the types of housing needs experienced by the affected population, the demographics to receive concentrated attention and the target areas to be served.

C. Program Marketing. The Program Design must feature an effective marketing program to encourage application. Marketing program requirements are detailed in the General Guidelines.

D. Priorities for Evaluating Applicants. Results based on data from the Needs Assessment must be met. The LMI demographic groups must be disaggregated as follows:

a. 0% - 30% AMFI

b. 31% - 50% AMFI

c. 51% - 80% AMFI

E. All eligible applicants must be evaluated in order to establish the priority of funds within the above-referenced economic subgroups. Each subgroup must be funded at the levels indicated by the Needs Assessment and analysis; however, the lowest income households may be funded at a level in excess of their population's percentage of need. The intention is to incorporate both the family and dwelling characteristics of applicants in order to establish a system that

gives the households that are less able to address need without public assistance a higher priority. The following household characteristics indicate a funding priority within the economic subgroups:

- a. Disability. If one or more members of a household have a documented disability that affects the design of the assisted unit, that household may be given priority within their income subgroup.
- b. Age. If one or more members of the household are less than 18 years of age or 62 years of age or older, and has a lower AMFI.

F. Application Intake and Counseling. A mechanism must be incorporated into Program Design to prevent any pre-screening of applicants without a written application being taken. Anyone who makes an inquiry about the program will be provided a GLO application package to complete; all such inquiries will be reported in a format to be provided by GLO.

G. To provide the greatest chance for the Conciliation Agreement to be successful, single family applicants will be provided a counselor as an application intake person to explain the various programs and activities.

H. Counselors or interpreters able to communicate with the applicant in their primary language will be assigned to the clients as appropriate. Counselors will be trained to be well versed in all activities, but specifically the buyout program found in the Conciliation Agreement that will explain options for LMI applicants to overcome recognized impediments to fair housing. Such a program will provide the following to those who have been determined by the County to qualify for the HOP:

- a. Provide counseling for the purchase of existing property including but not limited to realtor support, moving support and other program benefits to allow the applicants to select this option without a diminution of benefits.
- b. Provide counseling for the new construction of a home on an alternative site including lot acquisition costs.
- c. Provide counseling for reconstruction in place.

I. Requirements for the buyout program are detailed in the Homebuyer Program guidelines under the Acquisition with Rehabilitation/Reconstruction section. These guidelines do not address requirements specific to this activity.

J. Housing Standardization.¹ For new and reconstructed homes, construction specifications (for 2, 3 and 4 bedroom homes with total square footage ranges), will be developed by GLO. Each home must be constructed in accordance with Chapter 2306.514, Texas Government Code. The County may engage an architect to allow for local architectural variations; however, basic square footage (within ranges), room requirements, building materials and general specifications must remain standardized for any home newly constructed or reconstructed with CDBG DR funding. Elevation options will be developed by the County. The standardized specifications will then be put out for bid locally.

K. Visitability Checklist (requirements are for first floor only, if multiple floors exist):

- At least one 36” entrance door (preferably the main entrance) is on an accessible route served by a ramp or no-step entrance
- Each interior door is at least a standard 32” door, unless the door provides access only to a closed of less than 15 square feet
- All door handles are to be lever door handles
- Each hallway has a width of at least 36” and is level, with ramped or beveled changes at each door threshold
- Each bathroom wall is reinforced for potential installation of grab bars
- Each electrical panel, light switch or thermostat is not higher than 48” above the floor
- Each electrical plug or other receptacle is at least 15” above the floor
- If the applicable building codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48” above the floor inside the building
- Toilet seats are to be 1’4” – 1’7” above the floor
- Design a minimum of 2’6” wide x 4’ open floor area with an out swinging door in at least one half bath and preferably one full bathroom

L. Size of Units. Guidance for the preferred amount of people per bedroom is discussed in the General Program Guidelines. The total square footage (attached garages not included) ranges are as follows:

- 2 bedroom/1-2 bath home: 1,000 – 1,330 SF
- 3 bedroom/1-2 bath home: 1,331 – 1,425 SF
- 4 bedroom/2 bath home: 1,426 – 1,500 SF

M. Housing Assistance Caps. Homeowner Assistance is limited by the Housing Assistance caps in the General Guidelines. The base unit “bid” amount is the maximum amount of assistance available to reconstruct or newly construct a home. It is set when the standardized set of new home specifications in the Guidelines are bid locally. The intent of this rule is to equalize the funding available for different activities and choices. Homeowner Assistance allows for additional costs above the base unit amount including elevation and abatement. Additional costs are specified and capped in the General Guidelines.

N. Rehabilitation of existing, hurricane damaged homes is capped at **\$65,000**. Additional expenses, such as elevation, are allowed as limited by the Housing Assistance Caps as described in the General Guidelines. Estimated rehabilitation costs ~~exceeding~~ this cap will be recommended for reconstruction.

III. ASSISTED HOMEOWNER ELIGIBILITY REQUIREMENTS

A. The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not assure assistance, since a prioritization strategy within LMI economic subgroups will be required (consistent with Program Design requirements) and it is expected that there will be more eligible applicants than can be served with available funds.

B. Income Eligibility. The income limits to be utilized for the CDBG Single Family Homeowner Program are the current income limits established yearly by HUD for the Section 8 Housing Program. The County shall use the most recent income limits and will be monitored for compliance. All beneficiaries of the Single Family Homeowner Program must meet a National Objective. The Low to Moderate Income (LMI) National Objective is defined as providing a benefit to households at incomes of up to 80% of the locality's median income as computed on the most current HUD Section 8 Income Limits. Any activity carried out with CDBG funds that involves acquisition, rehabilitation or reconstruction of property to provide housing is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons. Current income limits for use by this program may be found at: <http://www.GLO.state.tx.us/pmcomp/irl/home-cdbg-nsp.htm>.

C. Proof of Ownership: The Disaster Recovery aid applicant must be an individual who on September 13, 2008, owned the property damaged by Hurricane Ike. Ownership can be documented by:

- a. Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant's name. For MHUs, a Statement of Ownership and Location (SOL) may be provided.

- i. Applicants with an active contract for deed, lease purchase agreement or mortgages must provide a current mortgage\purchase agreement, evidence of their mortgage payment status (which must be current and up to date), and obtain the current owner's signature or written consent prior to the commencement of construction.

- ii. An affidavit of ownership must be provided when there are other names listed on the Warranty Deed who are NOT part of the household. The applicant must complete the affidavit and check the required fields (Block2, Box B), and notarize the document. This affidavit does not document ownership (which is established by the Warranty Deed), but will be used to confirm that the non household owners of the property consent to the extension of Disaster Recovery assistance.

- iii. A Quit Claim Deed will NOT be accepted as documentation of ownership.

- iv. Applicants who have lost ownership of their homes or who may have their title clouded due to foreclosure or pending foreclosure proceedings, law suits, judgments or liens that could jeopardize ownership may be ineligible for assistance.

v. The County may assist applicants who own a hurricane damaged structure but do not own the land on which the structure is situated. Prior to the commencement of construction, the applicant shall be required to provide:

1. A current executed lease agreement, and
2. Written consent from the land owner

b. Recognizing a need for alternatives to traditional proof of ownership for persons impacted by natural disasters, the Texas Legislature passed language that has been codified in the Texas Government Code section 2306.188, and addressed in rules by 10 Texas Administrative Code Section 54.3. For the purposes of federally funded disaster recovery programs, this means that ownership may be proven in the following manner:

i. Applicants may prove ownership by providing alternative documentation and completing a notarized affidavit that certifies that one of the following circumstances applies:

1. there is nobody else who has the right to claim ownership;
2. anyone who has a right to claim ownership has agreed to participate in the program; or
3. anyone who has a right to claim ownership could not be located (after reasonable attempts to contact).

ii. The alternative documentation that can be provided instead of a copy of the deed includes (in order of preference):

1. tax receipts or proof you paid taxes on the property at the time of the storm;
2. Proof that you were responsible for home insurance at the time of the storm;
3. proof that you were the person responsible for the payment of utility bills for that residence, at the time of the storm; or
4. other documentation deemed to be acceptable by GLO

Fee Simple title to the property

A Ninety-nine (99) year leasehold interest on the property

A fifty (50) year leasehold on restricted Indian lands

Ownership or membership in a cooperative or mutual housing project that constitutes homeownership under Texas law

A title search report, current within 60 days of assistance

Life Estate, transferred upon the death of another (death certificate required)

Probated Will\Court Order\judgment (if ownership transferred by death, death certificate required)

Divorce Decree (if ownership was obtained consequent to divorce)

Affidavit of Heirship filed with the Appraisal District\County Clerk Office

Letter\receipt of sale\contract for Deed in a private owner sale, county recorded.

iii. The documentation must show that the applicant was the person responsible for paying for these items at the time of the disaster. The required affidavit, form instructions and informational flyer may be found under Homeowner Assistance Forms at: <http://www.glo.texas.gov/GLO/disaster-recovery/forms/housing-forms-publications.html>

iv. The above-referenced alternatives are not optional and must be incorporated into Program Design and allowed to prove ownership for all CDBG Disaster Recovery Programs in the State of Texas.

D. Principal Residency. The unit to be rehabilitated, reconstructed or replaced must have been occupied by the applicant as the applicant's principal residence as of July 23, 2008 for Hurricane Dolly and September 13, 2008 for Hurricane Ike. Principal residency for applicants can be demonstrated through property tax homestead exemptions. If a homestead exemption was not in place at the time of the disaster, an Affidavit of Principal Residency (form to be provided by GLO) may be utilized as an alternative method of verification of principal residency. The affidavit must be supported by documentation such as asset verification (income tax returns, credit check, etc.) or utility bills specific to the property address and name of the applicant which were active as of the applicable, above-referenced dates. Vacation homes and rental properties are not eligible for assistance under the Single Family Homeowner Program.

E. Property Taxes. Applicant must furnish evidence that property taxes are current, have an approved payment plan or qualify for an exemption under current laws. Applicant must prove that property taxes have been paid or that one of the following alternatives have been met:

- a. the property owner qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Property Tax Code;
- b. the property owner qualified for and received a tax exemption pursuant to Section 11.182 of the Texas Property Tax Code; or
- c. the applicant entered into a payment plan with the applicable taxing authority.

F. Support documentation verifying the tax deferral or tax exemption must be provided by the applicant. Any applicant that enters into a payment plan must supply a signed copy of the payment plan from the applicable taxing entity, along with documentation that they are current on their payment plan. The required affidavit and instructions may be found under Homeowner Assistance Forms at: <http://www.glo.texas.gov/GLO/disaster-recovery/forms/housing-forms-publications.html>

G. Insurance. Hazard insurance may be purchased on behalf of the assisted homeowner by CDBG Disaster Recovery Program for one year from the date of assistance. Assisted homeowners will be required to maintain hazard insurance. Failure to maintain hazard insurance may impact future disaster assistance.

H. If the unit is located in the 100-year flood plain, flood insurance is required. Flood insurance will be purchased on behalf of the assisted homeowner by CDBG Disaster Recovery Program for one year from the date of assistance. Homeowners are required to maintain flood insurance after the first year. Failure to maintain flood insurance will impact future disaster assistance.

I. Child Support. All applicants and co-applicants must be current on payments for child support. If the applicant or co-applicant is not current on child support, that member will be required to enter into a payment plan. Any applicant that enters into a payment plan must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions may be found under Homeowner Assistance Forms at: <http://www.GLO.state.tx.us/cdbg/ike-and-Dolly/forms/index.htm>.

IV. PROPERTY ELIGIBILITY REQUIREMENTS

A. The following threshold requirements are applicable to the assisted unit and must be met in order for the applicant to receive assistance. Proof of Hurricane damage is discussed in the General Program Guidelines.

- a. Unit Characteristics. Only single-family owner-occupied units within the County's jurisdiction will be eligible for single family homeowner programs.
- b. Manufactured Housing Units (MHUs or mobile homes) are eligible for rehabilitation at the discretion of the County. However, the MHU to be rehabilitated must be no more than 5 years old at the time of assistance and no more than \$10,000 in hard and soft construction costs can be used to rehabilitate a MHU. The MHU must meet HQS upon completion. MHU rehabilitation costs that exceed \$10,000 will require reconstruction. Reconstruction of MHUs will consist of replacing the MHU with another MHU or a stick-built home that will meet only the current needs of the family or individual.

V. TYPES OF ASSISTANCE OFFERED

A. Rehabilitation, Reconstruction, or New Construction assistance may be offered to applicants. Based on the extent of damage, applicants may be eligible for rehabilitation or reconstruction of their homes, or they may be offered new construction assistance.

B. The option of new construction is limited for applicants who do not qualify for, or who do not select full participation in the HOP Homebuyer Assistance Program, which includes the buyout and demolition of the original, hurricane-damaged property. New construction for non-HOP Homebuyer applicants is limited to situations where local zoning/building permits, or federal requirements, such as environmental regulations, will not allow the reconstruction of the original, hurricane-damaged home.

C. Temporary relocation assistance may be offered at the discretion of the County; however, the assistance may not exceed \$5,000 per household.

VI. TYPES OF IMPROVEMENTS

- A. Improvements needed to meet HUD Section 8 Existing Housing Quality Standards, and Cost Effective Energy Measures are eligible improvements.
- B. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by GLO in cases where safety or the structural integrity of the house is involved.
- C. Improvements will include as necessary lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.
- D. Individual Mitigation Measures (IMM) that mitigate and/or reduce risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the storm. Examples include elevation above the base flood elevation level, the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code or wind zone requirements.
- E. Cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present or the repair would not be cost effective. They will be dealt with on a case-by-case basis.
- F. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.
- G. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, fences, and television satellite dishes.

VII. SUPPLEMENTAL IMPROVEMENTS

- A. All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. The assisted homeowners will remove derelict personal property.
- B. All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.
- C. All homes must be equipped with a smoke detector installed in conformance with the one and two-family dwelling code.

D. Rehabilitated homes inhabited by handicapped or elderly persons must be analyzed as to the special physical needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas must be installed, if appropriate.

E. If a home is to be reconstructed or a replacement home provided, the original home must be removed from the site.

VIII. FORMS OF ASSISTANCE

A. Single Family Homeowner assistance shall be provided in the form of an Unsecured Deferred Forgivable Note (Note). The Note (Form 13.09) may be found under Homeowner Assistance at: <http://www.glo.texas.gov/GLO/disaster-recovery/forms/housing-forms-publications.html>.

B. The County shall execute the Note with assisted homeowners (GLO will not be involved in the Note's execution) for all homeowner activities under the Hurricanes Ike and Dolly Disaster Recovery Programs. The Note will require assisted homeowners to maintain principal residency in the assisted property for 3 years. Cash out refinancing, home equity loans or any loans utilizing the assisted residence as collateral are not allowed for three years; violation will activate the repayment terms of the Note. The County shall monitor assisted households for compliance with the terms of the Note. Homeowners that default on the terms of the Note may be reported to Credit Bureaus and the Texas Office of the Attorney General.

C. If the assisted homeowner continues to occupy the home until the term of the note expires, the owner pays nothing and there are no conditions on the disposition of the property. If the property is sold, transferred or vacated by the assisted homeowner for any single period that exceeds thirty (30) days during the three-year forgivable loan period, the repayment terms of the Note will be enforced except in those cases addressed in the paragraph below. Migrant farm workers who are recipients of a home under this program, may, when proven to be performing work for not more than six months, may leave a home vacant during the time of their employment, (but may not rent out the home), provided the recipient intends to return to the home. If the assisted homeowner for any reason ceases to reside in the assisted unit during the CDBG contract period, only LMI persons may reoccupy the unit until the contract is administratively closed by the Department or the CDBG contract period expires, whichever is earlier.

a. Accelerated Forgiveness in Certain Cases: (1) In the event of the death, (2) relocation to a managed care facility, or (3) relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application, the County may forgive any remaining loan balance. However, the requirement that only LMI persons may occupy the assisted housing unit until the CDBG contract is closed by the Department or the contract period expires shall not be waived by the County. Any waiver of this policy must be given by the Department.

IX. CONSTRUCTION

A. If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead based paint. If present, the removal of lead based paint will be considered in the costs of rehabilitation under the Abatement cap as described in the General Guidelines. Lead paint inspection provides two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation and (2) the health risks to residents, particularly children, may be severe so any presence of lead based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.

B. A pre-construction conference between the assisted homeowner, contractor, and the County shall be conducted to insure that all parties are in agreement about the work to be completed. The pre-construction conference will consist of two parts: The first part deals with basic contract and procedural issues: begin and end dates of the contract; terms of the contract; payment schedules and procedures; inspection procedures and requirements; responsibilities of the contractor and the assisted homeowner; change order procedures; payment requests and procedures (escrow account); lead-based paint requirements; role of the County; complaint and conflict resolution procedures; and other programmatic procedures. The second part will consist of a walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding clean up by the homeowner prior to the work, and the contractor after the work.

C. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) which will be used as required and as appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. Additional codes and standards requirements are detailed in the General Guidelines.

X. CONTRACTOR SELECTION AND PROCUREMENT REQUIREMENTS

A. Federal and State laws Governing Procurement

a. Texas Local Government Code - Chapter 252 (Municipalities) and Chapter 262 (Counties)

b. The full text of the Chapters from the Texas Local Government Code can be found via the internet at: <http://www.legis.state.tx.us/>.

B. Chapter 252 Municipal Grant Recipients Construction Bidding Procedures

a. GLO's municipal Grant Recipients are generally required to conduct competitive sealed bid procurement for any and all contracts over \$50,000.

b. Municipalities are required by state law to advertise their invitation for bids in a newspaper published in the municipality at least once a week for two consecutive weeks. The

date of the first publication must be before the 14th day before the date set to publicly open the bids. If no newspaper is published in the municipality, the notice must be posted at city hall for fourteen days prior to the date of the bid opening [Texas Local Government Code Section 252.041(a)].

C. Chapter 262 County Grant Recipients Construction Bidding Procedures

a. GLO's county Grant Recipients are generally required to conduct competitive sealed bid procurement for any and all contracts over \$50,000.

b. Counties are required by state law to publish a notice in a newspaper of general circulation in the county at least once a week, with the first day of publication occurring before the 14th day before the date of the bid opening. If there is no newspaper of general circulation in the county, the notice must be posted in a prominent place in the courthouse for fourteen days prior to the date of the bid opening [Texas Local Government Code Section 262.025(a)].

D. Texas Government Code, Chapter 2254

a. This code as amended is also known as the Professional Service Procurement Act. This code governs the local government procurement of professional services. It prohibits the procurement of architects or engineers based on bid price and requires government entities to first select the most highly qualified provider based on demonstrated competence and qualifications, and then attempt to negotiate with that provider a contract at a fair and reasonable price. The full text of this act can be found via the internet at: <http://www.legis.state.tx.us/>.

E. Texas Local Government Code, Chapter 171

a. This code as amended requires local government officials to disclose conflicts of interest and sets forth rules that require officials to abstain where they are in a position to vote or make a decision on any matter involving a business entity or real property for which they have an interest in. The full text of this Chapter from the Texas Local Government Code can be found via the internet at: <http://www.legis.state.tx.us/>.

F. Procurement Standards

a. Uniform Grant Management Standards (UGMS) - Governor's Office of Budget and Planning (June 2004)

i. NOTE: The Procurement Standards from the Governor's Office of Budget and Planning (UGMS) were incorporated into the changes in OMB Circular A-87 and revised OMB Circular A-102 to make the standards consistent with federal law. In addition to applicable federal and state regulations, many local governments have laws and regulations regarding procurement. The County is required to be aware of local laws that may affect its procurement policies. Remember, the rule is that the most restrictive regulation applies.

ii. In cases where state or local law is stricter than federal regulations, the County must follow the state or local laws and in cases where state or local law is more lenient than federal regulations, the County must follow federal regulations.

G. HUD Conflict of Interest regulations at 24 CFR 570.489(h)

a. This regulation sets forth prohibitions against the use of CDBG funds by employees and officials for private gain.

H. OMB Circular A-102, CFR 24 Part 85.36 - Grants and Cooperative Agreements with State and Local Governments).

a. A-102 governs the use of grants, contracts and cooperative agreements. Implementation regulations can be found at 24 CFR Part 85. The full text of A-102 can be found via the Internet at: <http://www.whitehouse.gov/omb/circulars/a102/a102.html>.

I. CFR 24 Part 84

a. Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations.

XI. CONSTRUCTION AGREEMENT

A. The construction agreement for stick-built homes will be a tri-party agreement between the Rehabilitation/Reconstruction Contractor, the assisted homeowner and the County (lender).

XII. PROPERTY INSPECTIONS AND FINAL PAYMENT

A. Preliminary Inspections

a. The County shall conduct a preliminary inspection to determine the condition of the unit for each application and to verify hurricane damage if FEMA, Small Business Administration (SBA) or Insurance award letters are not available. The initial inspection will be conducted by the County's inspector or another qualified inspector and a list of the deficiencies will be prepared. The inspection will provide an estimate of repair costs to determine whether rehabilitation or reconstruction will be offered and must be in sufficient detail to be utilized in the creation of work write-ups.

B. Progress Inspections

a. Progress inspections serve three primary purposes:

- 1) to evaluate the contractor's progress;
- 2) to confirm that local building codes or standards have been satisfactorily met; and
- 3) to confirm that all requirements of the contract have been met to all parties' satisfaction.

- b. The County shall schedule inspections. Key stages are times when work such as wiring and plumbing are completed and still exposed prior to the wall or flooring being replaced; or when work being performed by a specialty subcontractor, who will be present for only a short time, is nearing completion.
- c. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the processing of the contractor's payments. If at all possible, the same person will conduct inspections each time.
- d. The County requires that electrical work be completed by an electrician with an approved license from the Texas Department of Licensing and Regulation.
- e. A master licensed plumber must perform all plumbing work.
- f. Building permits are required for all applicable construction work.
- g. The assisted homeowner and the County or its designee shall sign the inspection forms as acknowledgement that the work was completed and meets their approval. If the assisted homeowner is not satisfied with any aspect of the work, the inspection forms should not be signed until the contractor has corrected the faulty work.

C. Final Inspections

- a. When work is nearing completion, the contractor will notify the County of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. If progress inspections were conducted often enough to make mid-course corrections, the final inspection should only need to catch those items which have been done since the last inspection. The final inspection will be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all single family homeowner activities, and clean-up should be closely checked for completion.
- b. The County shall make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.
- c. The County and the building contractor shall develop a punch list towards the end of the construction project. The Punch List shall contain all the tasks\work specified in the construction documents which are yet to be done, and which are necessary to complete the contract. The Punch List shall not contain additional work items over and above the original or amended contract. Once the Punch List has been prepared, no other work items are expected of the contractor. If the Punch List contains more than ten (10) items, it shall be construed that the contractor is not ready for a final inspection.

D. Certificate of Completion and Owner Acceptance

a. After all items on the punch list have been satisfactorily completed, and all warranties issued, the project can be brought to final resolution. For purposes of accountability, the Single Family Homeowner Program must have written documentation that the assisted homeowner and the County have accepted the work.

E. Warranties and Retainage

a. When final inspection determines that the work is completed in accordance with the contract, the County shall submit the contractor's request for payment and upon receipt of the funds, disburse the funds to the contractor. The County shall retain 10% of the funds pending a supplemental inspection in no less than thirty (30) days. Following a satisfactory supplemental inspection, the retainage will be paid to the contractor upon availability of grant funds following the final thirty (30) day inspection.

b. If any problems are identified in this supplemental inspection, the County will then notify the contractor to come back and correct the same within a reasonable amount of time, not to exceed two weeks. Should the contractor fail to do so, the County shall not disburse the retainage, the assisted homeowner may take any necessary legal recourse, and the contractor will be barred from performing any more rehabilitation/reconstruction work in the County. In addition, should the contractor be doing other work under this Single family homeowner Program and fails to correct any warranty problems, no other payments will be made to him/her until such problems are corrected.

c. Contractor shall guarantee all work performed under the Single Family Homeowner Program for a period of one (1) year. This general guarantee and other more specific warranties shall be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed two weeks to respond.

XIII. FILES AND REPORTS

A. The County shall maintain accurate Single family homeowner Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of three (3) years as required by the GLO. Such files will be open for inspection as to qualifications, bids, and awards.

XIV. CHANGES, WAIVERS, AND/OR CONFLICTS

A. The County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the written approval of GLO.

- B. Waivers to the requirements in these Guidelines can only be approved by GLO and must be in provided in writing.
- C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

ATTACHMENT B

HURRICANES IKE AND DOLLY ROUND 2 HOMEBUYER ASSISTANCE PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO or the Department) is administering funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties, and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Homebuyer Assistance activities funded under Round 2. These guidelines do not replace or supersede the guidelines developed and in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. County must incorporate those elements into their Homebuyer Assistance Program.

C. The County has received Hurricanes Ike and Dolly Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Homebuyer Assistance (HBA) Program administered by GLO.

D. Under the H-GAC CDBG Hurricane Ike Disaster Recovery Program, homeowners that elect to repair their existing home will be subject to the "Homeowner Assistance Guidelines" while those that elect to relocate and purchase a new home under the HOP Program will be subject to this document - the "Homebuyer Assistance Program Guidelines."

E. The applicants' principal residence at the time of the storm must have been impacted by the hurricanes in order to qualify for HBA. In order to assist the County to meet their Affirmatively Furthering Fair Housing goals, the option to assist applicants who were not homeowners at the time of the storm is available. However, any HBA provided to non-HOP-eligible applicants must be needs-based. CDBG regulations restrict homebuyer assistance to the amount up to and including the amount of assistance necessary to facilitate homeownership. For example, it is not a reasonable use of CDBG funding to provide the full amount of assistance, \$40,000, when only \$5,000 of mortgage gap financing is necessary for a bank to make an affordable loan to purchase the home. The amount of HBA necessary to leverage a private loan or otherwise bring about homeownership for non HOP-eligible applicants must be documented on forms to be provided by GLO.

F. Eligible activities for Homebuyer Assistance include traditional HBA activities such as: down payment assistance, principal reduction, all reasonable closing costs including pre-paid items, and principal write-down assistance as required for the property being purchased. These HBA activities are limited to \$40,000 for non HOP-eligible applicants. Applicants that are

eligible and elect to participate in the HOP qualify for a wider range of activities to facilitate the purchase of a home. HOP homebuyer assistance includes the acquisition (buyout) of the original, hurricane-damaged property combined with the acquisition of another home (if the property to be purchased meets HQS) or the activity of Acquisition with Rehabilitation, Reconstruction and New Construction (if the property to be purchased does not meet HQS or if a lot is purchased on which to build a new stick- built home or locate a MHU).

I. PROGRAM OBJECTIVES

A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and its residents. The primary focus of this Program is to provide relief for those people impacted within the goals identified by HUD to affirmatively further fair housing.

B. The following objectives are provided for the implementation and administration of a successful Homebuyer Assistance Program.

a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of homebuyer assistance: to facilitate the purchase a home; acquisition with rehabilitation, reconstruction or new construction; and other assistance necessary to make homeownership affordable to applicants in the affected area.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe, and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

C. HOP eligible applicants seeking assistance to purchase a home are subject to the HBA Guidelines. All homebuyer assistance must be targeted to the socio-economic subcategories and demographics resulting from the needs assessments as described in the General Guidelines.

a. Applicants are eligible for the HOP if they meet all three of the following criteria: at or below 80% AMI; owner of a hurricane-damaged home; and the damaged residence was located in a FEMA-designated "High Risk Area" or an area of high minority and poverty concentration as approved by GLO. Please note that the ownership and principal residency requirements, as detailed in the General Guidelines, apply to the HOP; however, in order for a buyout and relocation to take place the applicant must be able to prove ownership through possession of fee simple title.

b. Homebuyer Assistance applicants that are not eligible to participate in the HOP must still meet the following criteria to be eligible for HBA: at or below 80% AMI

and primary residence at the time of the storm in a residence that was damaged by the hurricane.

II. PROGRAM PURPOSE

A. The purpose of the homebuyer assistance is to facilitate the purchase of an existing or a newly constructed single family home for the benefit of Hurricane Ike victims who qualify for HOP assistance. Under Round 2 of the County of Liberty Hurricane Ike Disaster Recovery Program, Homebuyer Assistance shall be provided to applicants who qualify for, and elect to participate in the HOP. Liberty County will assist only those qualified applicants who have clear title to the assisted property.

B. The HOP homebuyer assistance to acquire the original, hurricane-damaged home is not the same program as the FEMA Buyout Program. The HOP program is designed to help hurricane Ike victims in FEMA-designated high risk area as well as areas of high minority or high poverty concentrations. Under the HOP, the original property will be bought-out and the homeowner will be relocated to a safer and/or higher opportunity neighborhood.

C. Under the HOP, applicants receive assistance from trained counselors to determine the housing activities that offer the best option for the household. The options include rebuilding in place, the purchase of a new home or the purchase of a vacant lot on which to build a home. For those that opt to move from their existing home located in a FEMA- declared High Risk area or areas of high minority and poverty concentrations (as confirmed by GLO), title to the existing property will be transferred to the County without a separate acquisition “buyout” of the existing property. The value of the existing property is replaced by the cost of the replacement home.

III. TARGET AREAS

A. Liberty County political boundaries.

B. County shall utilize flood hazard data provided by FEMA as well as socio-economic/demographic data provided by GLO to identify HOP applicants.

IV. ELIGIBLE BENEFICIARIES

A. Assistance under this activity may not be extended to households whose incomes exceed 80% of the Area Median Family Income (AMFI). All homebuyer assistance must be targeted to the socio-economic subcategories and demographics as described in the General Guidelines.

V. AMOUNT OF ASSISTANCE

A. HBA assistance is capped at \$40,000 for non HOP-eligible applicants.

B. HOP Homebuyer Assistance is limited to the Housing Assistance Caps in the General Guidelines. The base unit “bid” amount is the maximum amount of assistance available to

purchase a new/existing home. It is set when the standardized set of new home specifications in the General Guidelines are bid locally. The intent of this rule is to equalize the funding available for different activities and choices. HOP Homebuyer Assistance allows for additional costs above the base unit amount including any necessary accessibility items or features abatement measures, and services. Additional costs are specified and capped in the General Guidelines.

- a. The services category is limited to \$15,000 or actual costs and includes costs such as real estate professional fees, moving expenses and utility connection costs. Services are limited to applicants who qualify for the HOP.

- b. The vacant land limit is set at \$35,000. Although this is the cap, it is not also the floor; the actual lot cost should not exceed the standard single lot size in the community.

C. Housing purchases that exceed the maximum limits must be paid for with other sources of funds or a mortgage obtained by the homebuyer. The maximum total purchase price of the home to be acquired may not exceed the limits set for Single Family Mortgages in Section 203(b) of the National Housing Act.

D. Temporary relocation assistance may be offered at the discretion of the County; however, the assistance may not exceed \$5,000 per household. It is anticipated that the assistance will be provided when the closing occurs for the new or existing home purchase and temporary relocation assistance may not be necessary.

VI. PROGRAM LIMITATION

A. Applicants participating in the Buyout Program must contribute 100% of the assistance received under that Program toward the purchase of the newly acquired property.

VII. PROPERTY TYPE

A. Eligible properties that can be purchased:

- a. Single-family property (detached and attached 1-4 units)
- b. Modular home/Manufactured home
- c. Vacant land (associated with home construction)

VIII. TYPES OF IMPROVEMENTS

A. For HOP Homebuyer Assistance activities involving acquisition with rehabilitation, reconstruction or new construction, the County must follow the guidance in the Single Family Homeowner Program Guidelines for construction requirements (Section XI), contractor selection (Section XII), construction agreement (Section XIII), and property inspections and payment (Section XIV).

B. In addition to financial assistance provided for the purchase of the property, funding may also be used for the following items up to the maximum assistance amount allowed:

- a. Improvements needed to meet HUD Section 8 Existing Housing Quality Standards and Cost Effective Energy Measures are eligible improvements.
- b. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ~~ineligible~~). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by GLO in cases where safety or the structural integrity of the house is involved.
- c. Improvements will include as necessary lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.
- d. Individual Mitigation Measures (IMM) that mitigate and/or reduce risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the storm. Examples include elevation above the base flood elevation level, the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code or wind zone requirements.
- e. Cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present or the repair would not be cost effective. They will be dealt with on a case-by-case basis.
- f. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.
- g. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, fences, and television satellite dishes.

IX. INSPECTION STANDARDS

- A. A representative of the County will inspect all properties to ensure they meet Section 8 Housing Quality Standards at a minimum prior to application approval. This inspection may not be used as guarantee by the homebuyer that the property is free of defects. The inspection must be performed by a qualified or licensed real estate inspector and/or licensed contractor for specialized inspections, i.e., plumber, electrician, HVAC mechanic. The homebuyer's inspection, or any other inspection report, will not be substituted for the County inspection.
- B. Properties built prior to 1978 may contain lead-based paint and will be visually inspected by the County designated inspector for defective paint. If a property fails the visual inspection, it will be determined unacceptable until the painted surfaces are corrected. All applicable

sales contracts must include the “Addendum for Seller’s Disclosure of Information on Lead-based Paint & Lead-based Paint Hazards as Required by Federal Law”.

X. ENVIRONMENTAL REVIEW

A. An environmental review must be performed on the property prior to federal funds being committed by the County (24 CFR Parts 50, 58, 574, 582, 583, and 970). No commitment or disbursement of funds will occur prior to the completion of this review. The environmental assessment reviews the wetlands, coastal zones, flood zones, and runway clear zones. If the environmental assessment determines that the property is in the flood zone, the Lender is required to escrow hazard and flood insurance for the life of the 1st loan. Also, the Disaster Recovery Program will not assist homes that have been determined to be in the floodway.

XI. UNIFORM RELOCATION ACT

A. The Uniform Relocation Act (URA) applies to federally assisted homebuyer programs. Under the CDBG Program guidelines, the Seller(s) must not displace tenants of the property being purchased. The applicable “Notice to Seller(s)” must be signed and dated by the Seller and placed in the applicant’s file.

XII. USE OF FUNDS

A. Direct financial assistance to offset portions of the down payment, reasonable closing costs, pre-paid items and/or principal write-down assistance required for a home purchase. Prepaid items include but are not limited to the initial payment for hazard insurance, flood insurance, and mortgage insurance.

XIII. COUNSELING EDUCATION PROGRAM

A. The applicant must complete at least eight (8) hours of homebuyer education from any participating HUD Approved Housing Counseling Agency prior to acceptance into the Program. The certification for the course is valid for one year. Counseling programs will encourage individuals to participate in homeownership and provide a method to track the achievement of the homeownership goal. Costs of the program vary depending on who provides the courses. The Neighborhood Housing Services (NHS) homebuyer assistance curriculum is preferred.

XIV. TERMS OF ASSISTANCE

A. Assistance that meets or exceeds \$40,000 requires a ten-year affordability period (Affordability Period).

B. Throughout the affordability period, the homeowner is required to maintain principal residency, maintain hazard and, if applicable, flood insurance, and pay property taxes on the assisted property. Failure to maintain hazard insurance may result in the lack of future federal assistance; however failure to maintain flood insurance (if required because the property

is in a floodplain) will result in the lack of future federal assistance should a future disaster event occur.

XV. LOAN TERMS

- A. The Disaster Recovery Program loan is not assumable during the Affordability Period.
- B. Future subordinations of the Disaster Recovery Program loan to a newly obtained senior loan are subject to GLO's discretion.
- C. The applicant must occupy the property as his/her principal residence throughout the Affordability Period. If the applicant occupies the property as his/her principal residence for the Affordability Period, no recapture restrictions will apply.
- D. If the property is rented out, sold (including foreclosure) transferred and /or is no longer the homeowner's primary residence during the Affordability Period, the County may recapture a portion of the remaining balance of the Disaster Recovery Program loan note. The homeowner will receive a twenty (20) percent credit for each year the property is his/her principal residence. The maximum amount the County will recapture will be the full amount of the Disaster Recovery Program loan note and any balance would immediately become due and payable to the County who will remit the proceeds to GLO.
- E. If the homeowner vacates or rents the property, the full amount of the Disaster Recovery Program loan will be immediately due and payable, unless the homeowner establishes his/her actual residency pursuant to evidence acceptable to GLO, in which case the homeowner will receive a twenty (20) percent credit for each year the property is his/her principal residence.
- F. In the case of other default during the Affordability Period, the County may pursue all remedies available under the Disaster Recovery Program loan note, the Disaster Recovery Program loan Deed of Trust, or other Disaster Recovery Program loan documents. During the continuance of any such default, the Disaster Recovery Program loan shall bear interest at a rate of six percent (6%) per annum ("Default Rate").
- G. Applicants that fully participate in the HOP Homebuyer Assistance Program, which includes the buyout of the original, hurricane-damaged property and the acquisition of a new/existing home, will have a lien recorded in the county courthouse preventing cash-out refinancing, home equity loans, or utilization of the relocation home as collateral for the full term of the affordability period unless expressly permitted by GLO.

XVI. FILES AND REPORTS

- A. The County shall maintain accurate Homebuyer Assistance Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of three (3) years as required by the Department. Such files will be open for inspection as to qualifications, bids, and awards.

XVII. CHANGES, WAIVERS, AND/OR CONFLICTS

- A. The County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the written approval of GLO.
- B. Waivers to the requirements in these Guidelines can only be approved by GLO and must be provided in writing.
- C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

ATTACHMENT C

HURRICANES IKE AND DOLLY ROUND 2 RENTAL PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO or the Department) is administering funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency and responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing Guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Rental Program activities funded under Round 2. These Guidelines do not replace or supersede the Guidelines developed and in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. subrecipient must incorporate those elements into their Rental Program. At the option of the subrecipient, rental program activities may be offered as a housing program to the residents of the subrecipient's jurisdiction. Rental activities may include single family or multifamily rental activities or both.

C. Liberty County has received Hurricanes Ike and Dolly Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Rental Program administered by the Texas General Land Office (GLO or the Department). Rental activities offered in this program include both single family and multifamily rental activities.

D. The only National Objective that is approved for the Rental Program under Round 2 is to benefit the Low to Moderate Income (LMI) households. Eligible activities, (which are defined in the General Guidelines), are Rehabilitation, reconstruction, replacement or new construction, and associated elevation and demolition. Liberty County may also provide assistance for Individual Mitigation Measures such as enhancing energy efficiency and storm damage mitigation.

I. PROGRAM OBJECTIVES

A. Liberty County was hard hit by Hurricane Ike and is still in the recovery process both for its communities and its residents. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

B. The following objectives are provided for the implementation and administration of a successful Rental Program.

- a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike.
- b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.
- c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

II. PROGRAM PURPOSE

A. Liberty County Affordable Rental Program has been designed the to provide funds for rehabilitation, reconstruction, and/or new construction of affordable multi-family and single family rental housing projects in areas impacted by Hurricane Ike or Dolly. Funding is available through the Community Development Block Grant (CDBG) Disaster Recovery Program, administered by the Texas General Land Office (GLO).

B. The purpose of the Affordable Rental Program is to facilitate the rehabilitation, reconstruction, and/or new construction of affordable rental housing needs within the Liberty County boundaries. Units qualifying for assistance must have sustained damage from Hurricanes Ike or Dolly. A minimum of 51% of the units must be restricted for ten or more years to low to moderate income (LMI) individuals earning 80% or less of the Area Median Family Income (AMFI) at affordable rents. The rents must comply with High HOME Investment Partnership (HOME) Rents and other existing Land Use Restriction Agreement (LURA) restrictions if applicable. HOME rent limits are defined by HUD and must equal the lesser of fair market rents or 30% of the adjusted income for people earning 65% of the AMFI. Current values can be found at: <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/>

PART A - MULTIFAMILY RENTAL PROGRAM I.

TYPES AND AMOUNTS OF ASSISTANCE

- A. The maximum award cap under the Affordable Multifamily Rental Program is \$10,000,000 per development. Exact award will depend upon the amount of storm damage, the cost reasonableness of funds bringing the property up to Housing Quality Standards (HQS), and other funding sources available. Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.

B. The CDBG funds may not be used to pay for damages covered by any FEMA reimbursement, SBA assistance, insurance claim, or any insurance policy including delayed or future payments anticipated under insurance policies.

C. The CDBG Affordable Rental Program funds will be in the form of a 0% performance-based loan and will be forgiven when all contractual obligations have been met, including satisfactory completion of construction and compliance with the ten-year affordability period. The terms of the loan / grant may be modified by agreement, if necessary, given other requirements from other financial programs (i.e. tax credit programs, etc.).

D. A Land Use Restriction Agreement (LURA) will be placed on developments and any applicable lenders must agree to subordinate to the LURA. The Developer / Borrower will guarantee completion of construction until a certificate of occupancy has been issued and retainage has been released. There is a ten year affordability period under the LURA.

E. Project construction must be completed within 18 months of the effective date of the contract, unless otherwise extended.

II. PROPERTY ELIGIBILITY

A. All properties must be located within the jurisdiction of the subrecipient and ~~sustained~~ damage from Hurricane Ike or Dolly.

B. Liberty County intends to offer an Affordable Multifamily Rental Program must develop a NOFA or application process to fund rehabilitation of existing multifamily housing developments or replacement of damaged units through ~~reconstruction~~ or new construction. Projects evaluated for awards are evaluated according to the priorities established in the NOFA or application. The NOFA or application process must comply with Selection Criteria requirements identified in Section IV, paragraph A of these guidelines.

C. Hurricane damaged or destroyed projects awarded assistance will typically be in the 10-30 year old range. The repair/replacement assistance will extend the useful life of the development at least ten years.

D. Proposed new construction located in the 100-year flood plain as identified on the most current Federal Emergency Management Agency (FEMA) Flood Maps must comply with the GLO flood policy found in 10 TAC Part 1 Section 50.6.

E. At a minimum, 51% of the total number of units in the development must benefit low-moderate income persons earning 80% or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).

F. Rent restricted units occupied by low-moderate income households must be occupied at affordable rents. The units occupied low-moderate income households must comply with the High HOME rent limits published by GLO under the HOME program. Rent restrictions for

the units occupied by LMI households apply through the ten year affordability period. Compliance with rent limits is calculated in the same manner as the HOME program.

III. PARTICIPANT ELIGIBILITY REQUIREMENTS

A. For-profit, public housing authorities, units of local governments and not-for-profit Developers/ Borrowers, acting individually or as participants in a limited partnership [LP] or limited liability corporation [LLC] are eligible to participate. Not-for-profit entities must provide evidence of IRS tax-exempt status. Developments are required to list properties on PHA landlord list and provide notification to DHAP providers.

B. The Applicant, Development Owner, Principal or Developer/Borrower must be in good standing with any outstanding loans and loan commitments. There may be no defaults or negative collection actions on current or previous loans.

C. No Applicant, Developer Owner, Principal or Development/Borrower or General Contractor may be “debarred” from the federal and state debarment lists, in accordance with 24 CFR §570.609, as well as other applicable laws.

D. Applicant, Developer Owner, Principal or Developer/Borrower must provide a complete listing with addresses of multifamily properties currently owned or managed. Property taxes must be current for each property.

IV. SELECTION CRITERIA

A. Liberty County intends to offer an Affordable Multifamily Rental Program must develop a NOFA or application process. The application or NOFA process should identify the properties that provide the greatest benefit to the community to those with the greatest need. The subrecipient will develop criteria to award funds to the projects meeting the housing goals and objectives the program, and fair housing as well as those of the community. All awards must be made to applicants that demonstrate capacity to complete the development planned in the application. The Selection Criteria utilized must be consistent with overcoming the impediments identified in the Interim AI.

B. A Land Use Restriction Agreement (LURA) will be placed on each multifamily development receiving disaster funds to repair, construct or reconstruct rental units. The LURA sets forth income and rent restrictions applicable to units of affordable rental housing with respect to the specific affordable rental housing. These documents will be filed with the local county clerk’s office in the land records. The LURA must be approved by GLO and require all multifamily projects and projects with 20 or more single family units under common ownership to accept of section 8 housing choice rental vouchers during the affordability period.

C. Objective criteria to determine projects that may provide the greatest benefit to the community shall include:

- a. Increasing the number of affordable units by exceeding the requirement to lease 51% of the units to low/moderate income households.

- b. Providing units to households with the highest need for affordable housing by agreeing to create set asides targeting very low, low, and moderate-income tenants.
- c. Providing broader access to persons with disabilities through single story structures or those served by an elevator.
- d. Meeting low-maintenance and energy efficiencies by installing energy efficient products and low maintenance items. Combinations of the following items can be used up to the maximum number of points:
 - i. Install water-conserving fixtures in all units with the following specifications for toilets and shower heads, and follow requirements for other fixtures wherever and whenever they are replaced: toilets – 1.6 gallons per flush; showerheads – 2.0 gallons per minute; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM.
 - ii. Install Energy Star or equivalent refrigerators in all units.
 - iii. Install Energy Star or equivalent lighting fixtures in all interior units and use Energy Star or high-efficiency commercial grade fixtures in all common areas.
 - iv. Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans piped to the exterior of the dwelling and with non-water sensitive floor coverings (for all units).
 - v. Install Energy Star or equivalent power vented fans or range hoods that exhaust to the exterior (in all units).
 - vi. Install Energy Star or equivalent bathroom fans in all units that exhaust to the outdoors which has a humidistat sensor or timer, or operates continuously in all units.
 - vii. Install correctly sized HVAC units (according to Manual J) of at least 14 SEER or better in all units.
 - viii. Perform an energy analysis of existing building condition, estimate costs of improvements, and make those improvements resulting in a 10 year or shorter payback.

V. PROGRAM REQUIREMENTS

- A. Projects awarded disaster recovery funds must satisfy eligibility requirements established by the County.
- B. The project will also be reviewed in terms of financial feasibility with the objective to repair existing hurricane damage and bring the property up to standard to extend the useful life or replace the severely damaged units. Financials, proformas, and loan information as well as

the sources and uses of funds must be submitted identifying the proposed financing sources and expenses of the project.

C. Upon allocation for funding, the property will go through environmental review.

D. Rehabilitation or construction activities. The Developer/Multifamily Rental Owner/Borrower must submit an acceptable Property Condition Assessment (PCA) conducted by a qualified third party. In addition to repair costs identified in the PCA, other costs will be considered if they extend the useful life of the project. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.

E. The project must comply with all applicable federal and state requirements.

F. The project must address identified impediments to fair housing choice.

G. The project must serve the local population impacted by the hurricanes.

VI. UNDERWRITING

A. The proposed multifamily projects will go through underwriting which will review the ownership structure, property operations, the sources and uses of funds, and the financial statements of the owner and guarantor (if applicable).

B. The underlying debt and operating expenses of the property will be reviewed to determine if the project is feasible during the affordability period and demonstrates income adequate to cover operating expenses and applicable debt service.

C. Sources and uses will be reviewed to determine the adequacy of the funding to complete the project in conjunction with the PCA. The scope of work including the repair of any hurricane damage will be assessed.

D. Following underwriting, a contract will be executed between the County and the Developer/Multifamily Rental Owner. The contract will specify the terms under which the funding is provided to the project; the number of units to be renovated/developed; the affordability period; and other conditions of the agreement.

VII. ENVIRONMENTAL REVIEW

A. Each development assisted with CDBG Disaster Recovery funds must be environmentally cleared. No commitment or disbursement of funds will occur prior to the completion of this review. The environmental assessment reviews the wetlands, coastal zones, flood zones and runway clear zones.

B. Rental Program funds cannot be used to assist rental units (Multi and single family) that have been determined to be in the Coastal Barrier Resource Zones or airport runway clear zones.

Once the Environmental Review is complete the review is forwarded to GLO for environmental clearance.

C. The Developer/Multifamily Rental Owner/Borrower must comply with all applicable laws with respect to lead based paint in conjunction with Section 302 of the Lead Based Paint Poisoning Prevent Action (42 USC Section 4831(b)), as well as the presence of asbestos containing materials within the project.

D. A Property Condition Assessment must be conducted for rehabilitation. The PCA must conform to American Society for Testing and Materials (ASTM - <http://www.astm.org/>) "2018 Standard Guidelines for Property Condition Assessments." The Developer / Borrower are also directed to the GLO Section 1.36 of the 2009 REA Rules for PCA guidance (<http://www.GLO.state.tx.us/readocs/10-REARules.pdf>).

E. The environmental review of a multifamily rental facility must cover the entire property and include an evaluation of the previous uses of the property and an inspection for any signs of contamination: on or near the site. If the review reveals no circumstances which require compliance with any Federal laws and authorities, the multifamily rental housing project may convert to an Exempt activity (*See* 24 CFR 5834(12)).

F. An *ASTM Standard E 1527 - Phase I Environmental Site Assessment (ESA)* is required where there will be new construction on vacant land. The Environmental Assessment shall be conducted by a third party environmental professional at the expense of the aid applicant, and shall be addressed to GLO as a user of the report. When no new construction will take place, a historic Phase I Environmental Site Assessment may be presented. If the ESA report is evidently out of date, given current conditions of the property, the report should first be updated. The ESA update may be provided as an addendum to the original report and must contain the following, at a minimum:

- Updated regulatory database search
- Updated environmental lien search
- Updated site visit
- Updated interviews

VIII. CONSTRUCTION

A. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG funds are used for a rehabilitation development, the entire unit must be brought up to the applicable property standards and meet Housing Quality Standards. All newly constructed including reconstructed housing units must meet the current edition of the Model Energy Code (MEC) (<http://www.energycodes.gov/>) published by the Council of American Building Officials. GLO will conduct a final inspection of the development. Common areas and units are subject to a Uniform Physical Conditions Standards inspection. Any deficiencies identified in that inspection must be corrected before final retainage is released.

B. Housing developments must meet all accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC § 60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201, as well as common use facilities in developments covered cover dwelling must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.3601-4619).

C. The Developer/Multifamily Rental Owner/borrower must comply with Labor Standards; Section 3 Plan; Minority / Business Enterprise (MBE); Small Business Enterprise (SBE) requirements; Affirmative Marketing; and Contractor Clearance.

D. The project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.

E. All contracts will be payment and performance bonded. All projects are subject to The Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70), The Contract Work Hours and Safety Standards Act (40 USC 327 et seq), The Copeland “Anti-Kickback” Act (18 USC Sec 874), Section 3 (24 CFR Part 135) requirements, reporting and goals and should budget accordingly.

F. Prior to commencement of construction, the Developer / Borrower must have a notice to proceed. Scatter site projects owned by a sole owner with 8 or more units must comply with the Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70).

G. The report and AIA forms 702 and 703 will be required prior to funding each draw request.

H. Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

COMPLIANCE REQUIREMENTS

IX. LABOR STANDARDS

A. All applicable developments must comply with applicable labor standards, including, but not limited to Davis-Bacon wages, Section 3, Minority / Business Enterprise, and Small Business Enterprise. Under the federal Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70, 24 CFR §570.603), prevailing wages must be paid on all construction and related work on projects that have eight (8) or more units.

B. The following information will be provided on all projects to the GLO Labor Standards Specialist:

a. Notes of bid and preconstruction conferences as well as attendance rosters with attendees signatures.

- b. Notice to Proceed.
- c. All Department of Labor (DOL) General Wage Determination reports showing prevailing wages applicable to each project throughout the construction phase.
- d. Final Wage Compliance Report
- e. Davis-Bacon communications, including:
 - i. Department of Labor communications
 - ii. Letters to Contractor(s) requesting payments of restitution owed to workers and liquidated damages, including copies of letters confirming Contractor(s) compliance and / or resolution of labor-related issues. Department of Labor (DOL) Semi-Annual Report with all required reporting data associated with the CDBG-DR Hurricane Ike award.
 - iii. A d d i t i o n a l documentation as required by GLO.

X. RELOCATION

A. The Developer/Multifamily Rental Owner/Borrower is responsible for the relocation activities related to the project. The Developer/Multifamily Rental Owner/ Borrower shall comply with program regulations at 24 CFR §570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended, at 49 CFR §24, and §104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR §42.

B. If applicable, Developer/Multifamily Rental Owner/ Borrower shall submit to the County copies of all documentation relating to URA, including but not limited to, a Relocation Plan with Assurance Letter, Notice to Real Property, Tenant Status Reports, and all Notices with Tenant Acknowledgments as required by the LURA.

XI. PROJECT COMPLETION AND RELEASE OF RETAINAGE PROCEDURES

A. When a project is finished, the procedures listed below will be followed to document completion and allow for retainage (the last 10% of project costs) to be paid. List of items include:

- a. Developer/Multifamily Rental Owner/Borrower submits Final Draw for Retainage. This draw is identical in form to the others and includes the final inspection report from the third party inspector indicating that the project is complete.
- b. Developer/Multifamily Rental Owner/Borrower completes and submits a Final Wage Compliance Report.
- c. Developer/Multifamily Rental Owner / Borrower submits Certificate of Occupancy for project.
- d. Developer/Multifamily Rental Owner/ Borrower submits letter certification from Architect that project meets requirements of the Americans with Disabilities Act.
- e. Developer/Multifamily Rental Owner / Borrower submits Certificate of Substantial Completion, and AIA form that is signed by the Owner, General Contractor, and Architect.

f. Developer/Multifamily Rental Owner / Borrower submits Lien Release from General Contractor to show that all subcontractors have been paid. (Contractor = Subrecipient) and (Subcontractor = Building Contractor).

XII. PROJECT LEASE UP PROCEDURES

A. Multifamily developments assisted with CDBG funds are required to have a project tenant selection policy (TSP), Affirmative Marketing Plan, and schedule of leases & rents to ensure compliance with CDBG requirements. The tenant selection policy must be:

- a. Written and displayed at the project leasing in a common area.
- b. Consistent with the purpose of providing housing for families making 80% or less of AMFI.
- c. Reasonably related to program eligibility and Lessee's ability to perform under the lease.
- d. Chronological, so that tenants taken from a written waiting list are assisted in order.
- e. Designed to give prompt written notice of the grounds for rejection to any Lessee rejected based on income.

XIII. ANNUAL MONITORING PROCEDURES

A. Completed projects require annual monitoring. The County or GLO shall conduct the monitoring throughout affordability period. The results and reviews of monitoring activities ensure the provision of safe, decent, affordable rental housing in compliance with all applicable regulations. Income targets and rents must comply with Affordable Rental Program LURA requirements and other compliance requirements. Monitoring includes:

- a. On-site inspection of rehabilitated properties to ensure compliance with Housing Quality Standards (HQS) under 24 CFR Sec. 982-401.
- b. Compliance Standards Review (CSR) to ensure compliance with the CDBG Regulations and the NOFA, but not limited to, the following:
 - i. Affordable Rental Housing
 - ii. Subsequent Rents during the Affordability Period
 - iii. Initial and Annual Recertification of Tenant Income
 - iv. Periods of Affordability
 - v. Tenant and Participant Protection (lease term, prohibited lease terms, tenant selection policy)

- vi. Civil Rights Act of 1964 and Amendments
 - vii. Section 504 of the Rehabilitation Act of 1973
 - viii. Architectural Barriers Act and the Americans with Disabilities Act
 - ix. Design and construction requirements
 - x. For Rehab projects, entire structure must meet Housing Quality Standard
 - xi. Benefit all income targets including the CDBG LMI requirement to least 51% of the units to LMI households
 - xii. Affirmative Marketing
 - xiii. National Flood Insurance Program
 - xiv. Displacement, relocation, acquisition, and replacement Lead-Based Paint Compliance
 - xv. Fair Housing and Equal Opportunity
 - xvi. Section 3 (24 CFR Part 135) goals and reporting requirements
 - xvii. Applicant data reporting as required by the Conciliation Requirement
- c. Notification in writing of the results of the monitoring activity will be provided to the borrower, with a stated corrective action plan, if one is needed.

XIV. FILES AND REPORTS

- A. The County shall maintain accurate Rental Program files and records for general administration activities, for each development and tenant for a period of ten (10) years as required by the GLO. Such files will be open for inspection to GLO or any of its duly authorized representatives, or funding source representatives.

XV. CHANGES, WAIVERS, AND/OR CONFLICTS

- A. The County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.
- B. In the event that any provisions of these Guidelines conflict with local, state, or federal law, the more restrictive requirement will govern, provided the requirement does not violate local, state or federal law.

PART B – SINGLE FAMILY RENTAL PROGRAM

The goal of the single family rental program is to restore existing neighborhoods and to increase the affordable rental stock in a community affected by Hurricanes Ike. Applicants receiving CDBG Disaster Recovery funds to rehabilitate or reconstruct damaged properties agree to lease the rental units to low-moderate income households (80% of Area Median Income or less) at restricted rents. Rents must comply with the High HOME rent limits.

The CDBG funds are provided in the form of a forgivable loan / grant.

I. TYPES AND AMOUNT OF ASSISTANCE

A. The County shall accept applications for funding to assist in the repair, reconstruction or new construction of Single Family Rental housing units to serve low, very low, extremely low and moderate-income households. Funding priorities shall in a manner that affirmatively furthers fair housing objectives.

B. The maximum award cap under the Single Family Rental Program is based on the number of bedrooms in the rental unit. The exact award will depend upon the amount of storm damage, the cost of rehabilitation or reconstruction up to maximum award amount. When a rental unit is assisted with disaster recovery funds, the entire unit must be brought up to Housing Quality Standards (HQS). Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.

Table A: Maximum Awards

	One Bedroom	Two Bedrooms	Three Bedrooms
Max award	\$50,000	\$60,000	\$70,000

II. PROPERTY ELIGIBILITY

A. All properties must be located within the jurisdiction of the County of Liberty and ~~must~~ have sustained damage from Hurricane Ike.

B. Properties receiving assistance maybe rehabilitated, or replaced by reconstruction or new construction of the dwelling.

C. Single Family, detached dwellings are eligible for assistance and must contain between one and three bedrooms at a minimum; priority is given properties with three or more bedrooms. Condominiums, town homes, duplexes, triplexes or four-plexes are not eligible.

D. The County shall select properties eligible to participate in the Affordable Single Family Rental Program to fund the rehabilitation of existing single family housing developments or the replacement of damaged units through reconstruction or new construction. Projects to receive Program assistance will be evaluated according to the priorities established in the application.

E. Upon completion, the single family homes must meet Housing Quality Standards and benefit low-moderate income persons earning 80% or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).

F. Throughout the affordability period, the rent for the unit occupied by a low-moderate income household must comply with the High HOME rent limits published by GLO under the HOME program. Compliance with rent limits is calculated in the same manner as the HOME program.

G. Housing units receiving assistance under the program do not have to be rental stock prior to application for assistance, however must be rented to certified LMI households if awarded repair or replacement funds.

H. Rental Program funds cannot be used to assist rental units that are within the Coastal Barrier Resource Zone, a floodway or an airport runway clear zone.

I. Each assisted property must currently have access to water, electricity, and sewer or septic service, or hookups to provide those services.

J. Housing units assisted under the Program will be required to maintain hazard, windstorm (as needed), and flood insurance where applicable.

III. PARTICIPANT ELIGIBILITY REQUIREMENTS

A. Individual owners must have fee simple title to the property to be assisted.

B. The rental unit owner must be in good standing with any loans on the property and may not be in default or subject to negative collection actions on any current or previous loans.

C. The property taxes must be current on the property.

D. The owner of the property must not be debarred, suspended or otherwise ineligible from receiving assistance through any federal and state programs, in accordance with 24 CFR§570.609, and other applicable laws. The owner must provide a complete listing with addresses of other rental properties currently owned or managed.

E. All applicants must not owe any child support payment(s) under any court order.

a. If an applicant is not current on child support payments, that member will be required to enter into a payment plan and must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions can be found under Homeowner Assistance Forms at: <http://www.glo.texas.gov/GLO/disaster-recovery/forms/housing-forms-publications.html>

IV. SELECTION CRITERIA

A. The County's application process shall identify those properties that provide the greatest benefit to the community and to persons with the highest needs for affordable housing. Liberty County selection criteria shall determine the projects which will best meet the housing goals and objectives of the Multifamily Rental Program.

B. Objective criteria to determine projects that may provide the greatest benefit to the community shall include:

- a. Expansion of affordable housing stock - priority may be given to currently vacant property which is not presently suitable for occupancy and would add to the stock of affordable housing upon rehabilitation\reconstruction.
- b. Landlord Contribution - a vested interest in the projects will be encouraged where priority is given to projects in which the landlord contributes at least 25% of the funds necessary to repair the property.
- c. Housing for Families - priority to projects with three bedrooms or more would encourage the provision of affordable housing for families.
- d. Proximity to Public Transport\Lifeline Facilities – giving priority to rental properties in accessible locations to transportation routes and social service centers, shopping and schools would add to the convenience of the LMI families. Near is defined as within a 2 mile radius.

C. Single family rental structures must comply with Texas Government Code, Section 2306.154

V. PROGRAM REQUIREMENTS

A. Housing assistance funds must satisfy four levels of eligibility requirements.

- a. The property must meet eligibility requirements listed under Section II. The property must require repair, rehabilitation or reconstruction and the owner must provide documentation or third party inspections to support storm damage.
- b. The property must pass a federally required environmental review.
- c. Rehabilitation or construction activities. A Property Condition Assessment must be conducted by a third party. The work write up must be completed in sufficient detail to obtain bids or cost estimates. Rehabilitation of the residence must bring the property into compliance with local health, safety and building codes and pass a Housing Quality Standards inspection. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.
- d. The project must comply with all applicable federal and state requirements.

VI. UNDERWRITING

A. The County will determine the type of feasibility or underwriting process required for Single Family projects.

VII. ENVIRONMENTAL REVIEW

A. Every rental home assisted with CDBG Disaster Recovery funds must undergo an environmental review and be environmentally cleared. No commitment or disbursement of funds may occur prior to the completion of this review. The environmental review will examine the proximity of the project site to wetlands, coastal zones, flood hazard zones and runway clear zones.

B. The environmental review of a single family rental facility must include an evaluation of the previous uses of the property and an inspection for any signs of contamination on or near the site. If the review reveals no circumstances which require compliance with any Federal laws and authorities, the rental housing project may convert to an Exempt activity (*See* 24 CFR 5834(12)).

C. Rental Program funds cannot be used to assist rental units that have been determined to be within the Coastal Barrier Resource Zones, within floodways or in an airport runway clear zone. Once the Environmental Review is complete, the review report is forwarded to GLO for environmental clearance.

D. Rental homes constructed before 1978 should be checked for lead based paint as well as the presence of asbestos. The Developer\Single Family Rental Owner must comply with all applicable laws with respect to lead based paint in conjunction with Section 302 of the Lead Based Paint Poisoning Prevent Action (42 USC Section 4831(b)), as well as the presence of asbestos containing materials within the project.

VIII. CONSTRUCTION

A. For Rehabilitation the properties must comply with local building codes, and the entire structure must comply with local health and safety codes and standards, and housing quality standards (HQS).

B. For reconstruction including newly constructed homes, the entire structure must be in compliance with building codes and zoning ordinances and applicable construction or livability standards after assistance including:

a. Energy standards as verified by a RESCHECK TM certification. The certification must be available in the file prior to purchase.

b. The IRC as 11 of the IRC as required by Chapter 388 of the Health and Safety Code as applicable.

C. The project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.

D. Under the Rehabilitation Program, any housing unit built before 1978 must be inspected for hazards associated with the presence of lead-based paint or may be presumed to have lead-based paint hazards. Proof of notifications, work completed and clearance examination must be available.

E. Under the Rehabilitation Program, any housing unit must be in compliance with Section 31 of the Federal Fire Prevention Control Act of 1974 which requires that any housing unit rehabilitated with Department funds be protected by a hard-wired or battery-operated smoke detector.

F. Reconstructed or new construction must comply with Texas Government Code 2306.514. G. Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

IX. COMPLIANCE

A. In exchange for the loan award, each applicant agrees to comply with all LURA terms and requirements as a rental landlord.

X. LAND USE RESTRICTION

A. A Land Use Restriction Agreement (LURA) will be placed on each SF property receiving disaster funds to repair, construct or reconstruct rental units. The LURA must be approved by GLO. The LURA must contain a ten (10) year affordability period beginning after closeout of loan or grant and require acceptance of Section 8 housing choice rental vouchers when the owner owns 20 or more single family projects.

B. Applicants will be required to sign a Land Use Restriction Agreement (LURA), which sets forth income and rent restrictions applicable to units of affordable rental housing and constituting, with respect to the specific affordable rental housing. These documents will be filed with the local county clerk’s office in the land records. The LURA imposes the requirements on the property for the full loan period of ten (10) years.

C. The Land Use Restriction Agreement is an officially-filed restriction that ensures the property will remain rent restricted for the full loan period. At the end of the loan period, the restriction will automatically terminate and will no longer be valid or enforceable. Since the LURA is “self executing”, nothing will need to be filed at the local county clerk’s office to show that the loan period has ended. If the applicant abides by the terms and conditions of the LURA for the full ten (10) year compliance period, the loan will be forgiven and no interest will be charged provided the landlord complies with the LURA requirements.

D. The Land Use Restriction Agreement will expire on the ten (10th) anniversary of the later of the issuance of the Certificate of Occupancy or the loan closing.

XI. FORGIVABLE LOAN DEFAULT

- A. Disaster assistance is provided as an unsecured note to landlords receiving rehabilitation or reconstruction assistance.
- B. Violation of any terms of the LURA will result in a Statement of Noncompliance being issued to the applicant. The notice will state clearly the reasons for noncompliance and will allow the applicant time to correct the non-compliance.
- C. If the applicant is in default, the amount of loan principal then outstanding (based upon the amount previously forgiven during the 5 year period) shall immediately become due and payable.
- D. Upon default the forgivable loan will immediately convert to an interest-bearing demand note and becomes immediately due and payable.
- E. The due and payable amount will be based upon the unforgiven amount of the loan.
- F. Default occurs at the property level. If the unit is found to be non-compliant with the LURA, then the entire property will be considered in default.
- G. Interest on defaulted loan awards will be set at the London Interbank Offered Rate (LIBOR) plus one percent (1%). Interest will be calculated beginning on the date that the first check is issued.

XII. RELOCATION

- A. The Developer/Single Family Rental Owner/Borrower is responsible for the relocation activities related to the project. The Developer/Single Family Rental Owner/ Borrower shall comply with program regulations at 24 CFR §570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended, at 49 CFR §24, and §104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR §42.
- B. If applicable, Developer/Single Family Rental Owner/Borrower shall submit to the County copies of all documentation relating to URA, including but not limited to, a Relocation Plan with Assurance Letter, Notice to Real Property, Tenant Status Reports, and all Notices with Tenant Acknowledgments as required by the URA.

XIII. LANDLORD REQUIREMENTS

- A. These requirements include:
 - a. Leasing all units to tenants that have eligible household incomes (80% AMI or below).
 - b. Charging rents that are at or below High HOME rents.

- c. Following income certification and verification procedures and keeping records on all tenants' income.
- d. Maintaining complete and accurate rent rolls.
- e. Renting units in accordance with HUD Fair Housing Standards.

B. The applicant is responsible for maintaining complete and accurate records for the full period of the loan term. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to the County or GLO upon request.

C. Compliance with these terms for the full period of the loan will result in loan forgiveness, leaving the applicant with no obligation to repay the loan or interest on it. Failure to comply with terms will lead to non-compliance.